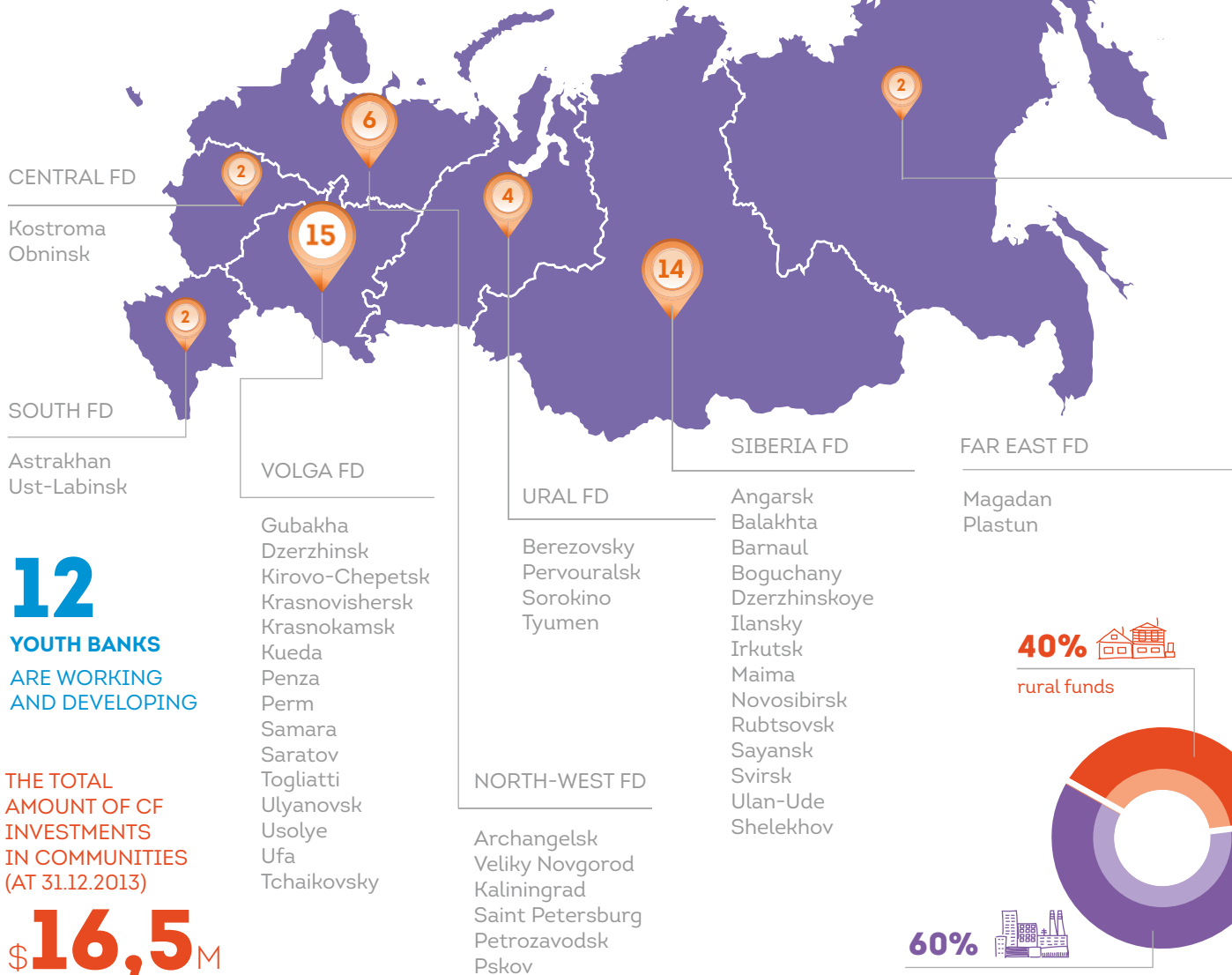


# COMMUNITY FOUNDATIONS IN RUSSIA

Infographics 2003–2012

**45** WORKING COMMUNITY FOUNDATIONS (CFS) IN 27 CONSTITUENT ENTITIES OF THE RF AT 31.12.2012



**12**  
YOUTH BANKS  
ARE WORKING  
AND DEVELOPING

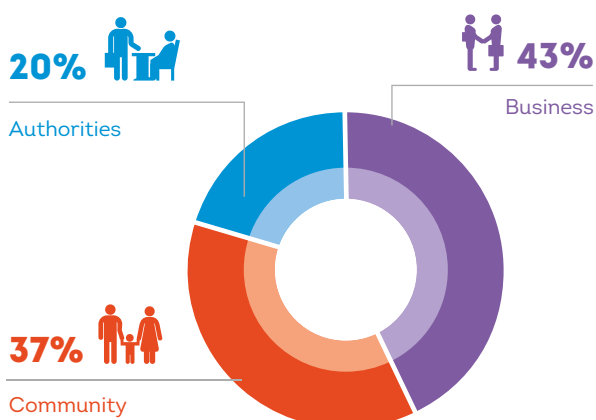
THE TOTAL  
AMOUNT OF CF  
INVESTMENTS  
IN COMMUNITIES  
(AT 31.12.2013)

**\$16,5M**

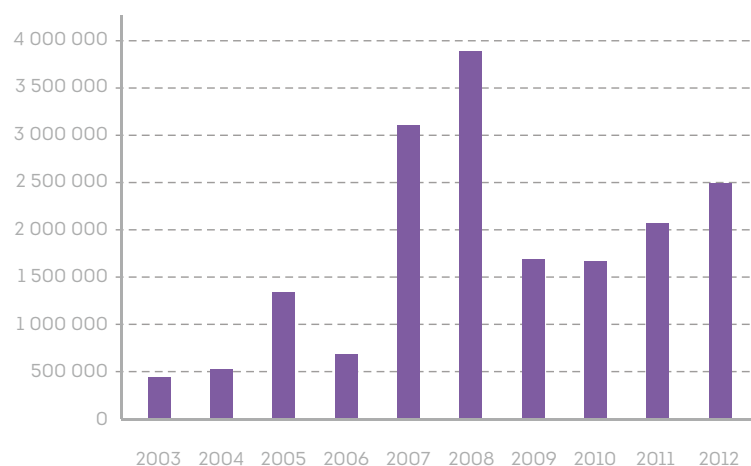
**40%**   
rural funds

**60%**   
urban funds

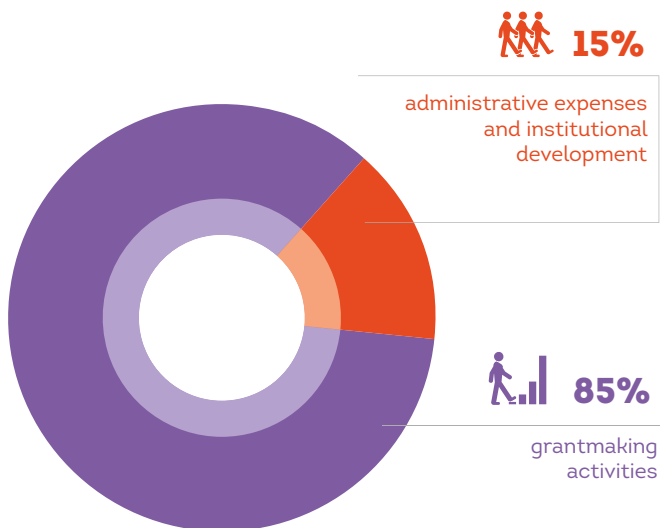
THE STRUCTURE AND COMPOSITION OF CF GOVERNANCE BODIES



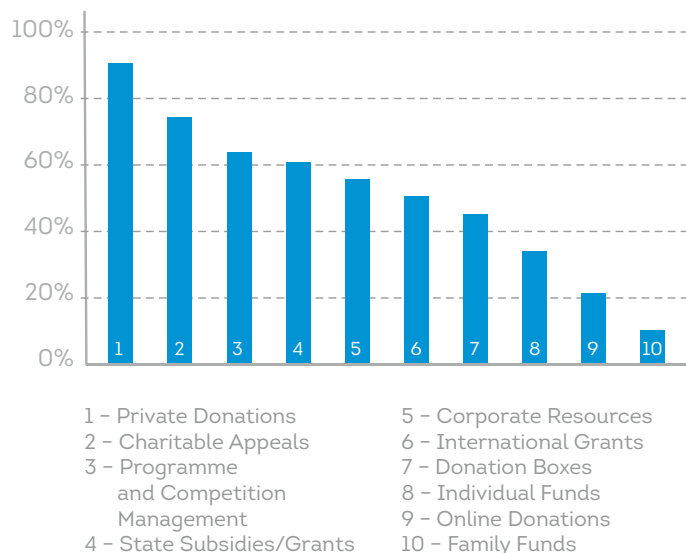
CF INVESTMENTS IN COMMUNITIES



## DISTRIBUTION OF RESOURCES



## FINANCING SOURCES AND MECHANISMS



## AREAS OF SUPPORT



**94%**

CFS SUPPORT INITIATIVE GROUPS

OVER

**500**

GRANT COMPETITIONS HELD

OVER

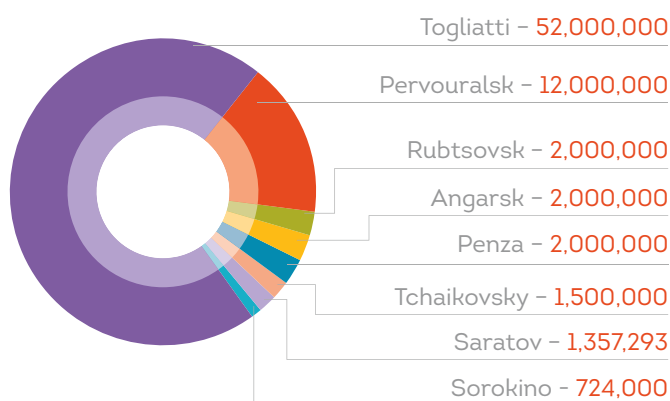
**4000**

PROJECTS SUPPORTED IN 2003-2012

## CF ROLE IN COMMUNITIES

- Building social capital
- Center of local development and fundraising
- Development of civic activism
- Creating new traditions
- Formation of the sense of responsibility and engagement
- Center of knowledge about the community
- Development of horizontal connections between various stakeholder groups
- Place for negotiations: local administration-business-community

## RESOURCE CAPITAL OF COMMUNITY FOUNDATIONS - RUB 73,581,293

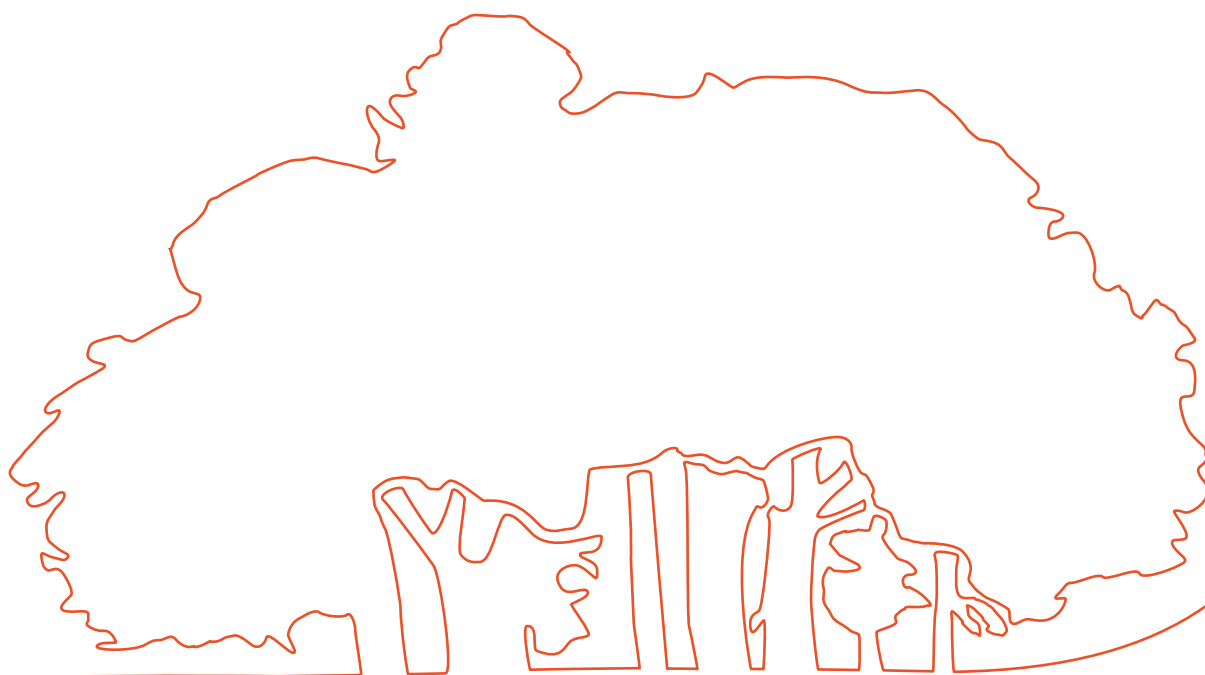


## REGIONAL INTERREGIONAL

URAL  
ALTAI  
NORTH-WEST  
VOLGA  
BAIKAL  
**CF ALLIANCES**  
PERM  
VYATKA  
IRKUTSK

# LOCAL PHILANTHROPY OF FEDERAL IMPORTANCE

*Community Foundations in Russia*



Moscow, 2014

**CAF**  
Russia

This Report was written by Larissa Avrorina based on the outcomes of 2013 research by CAF Russia and Process Consulting Company.

**Local Philanthropy of Federal Importance. Community Foundations in Russia. Moscow, CAF Russia, 2014. 54 p.**

The report is devoted to the outcomes of a research of community foundations – one of the successfully developing segments of Russian philanthropy. The research was carried out within the Programme for Development of Community Foundations (CFs) implemented by CAF Russia and was financed by Charles Stewart Mott Foundation.

The main objective of the research was to analyze the current state and activities of existent CFs, examine community foundations as a special type of charity and their role in communities, and present a generalized picture of Russian CFs in the local philanthropic landscape.

Editor: Lidia Tikhonovich  
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## Introduction

Various institutional philanthropy forms have been developing in Russia over the recent years. The number of private and corporate foundations is growing; large companies have identified the priorities and areas of their philanthropic activities for the long-term. The policy of the state is shifting slowly but steadily towards improvement of legal framework and taxation regime for the charitable sector. The public awareness of charitable programmes and foundations is growing.

**This report presents the outcomes of a research of one of the most successful segments of Russian philanthropy – Community Foundations (CFs).** The research was carried out within the Programme for Development of Community Foundations implemented by CAF Russia with the financial support of Charles Stewart Mott Foundation.

The first community foundation in the world was founded in 1914 in Cleveland, Ohio (the USA), and is celebrating its 100th anniversary in 2014. Since then the CFs have become widespread in the North America. This is an institutional model of local philanthropy that accumulates community resources to deal with its most urgent issues.

Thirty years ago, community foundations emerged in Europe and in the recent years, they have been one of the most effective tools for local community development in Africa, Asia and Latin America. Russia takes a rightful place in this global movement and we hope that this research will contribute to broadening our perspective on local philanthropy development.

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Today there are **45 CFs in Russia** and 13 organizations are using the CF model and approaches to certain extent.

CFs in Russia have been developing for over 10 years and have already become noticeable. Today there are 45 CFs in Russia and 13 organizations are using the CF model and approaches to certain extent. In many regions, they are the only tool for support of local grassroots initiatives, civil society and NGO sector development: practically all existent community foundations provide support and resources to initiative groups. CFs have become the social bridge in local communities uniting various stakeholders and interests. CFs are very close to community needs and problems, but this is not their only asset. As CFs develop and assess various community resources they find new ways to encourage civil activism. They are also able to mobilize various resources underestimated or undiscovered in the community.

Russian CFs proved that philanthropy can develop with limited social and financial resources and connections between various community groups. Over the last five years CFs emerged in remote rural areas far from regional centers. The CF model that came into Russia as a Western specimen of local philanthropy with clear principles and criteria has been successfully adapted and further developed to become “inherent” in the country over the recent decade. Today the ones who want to establish a foundation do not have to turn to American experience as they can use the experience and approaches of successful Russian CFs.

This research shows that CFs are more than just philanthropy. They are the community centers of knowledge and development that accumulate and create resources. CFs initiate and support new areas of social development: hold social and economic forums and publish analytical reports on regional problems and opportunities, develop donor communities, and promote civic engagement in activities aimed at improving the environment and quality of life. They establish new traditions and form the new type of relations based on cooperation and interaction. **We also believe that CFs are an important resource not only for their communities but also for the third sector as such.** They

went beyond the local limits and can be good partners and experts in the field of philanthropy and community development not only for the regional authorities and business, but also for the federal government and large corporations.

This research of CFs as specific philanthropic institutions describes their roles and functions and presents the general picture of CFs in Russia. We were interested not only in particular community foundations but also in the system of relationships among them and the place of CFs as institutions in the Russian philanthropic sector landscape. It should be noted that this is not the first research of CFs in Russia. Several research papers were prepared between 2006 and 2011 to investigate the role of CFs and the level of their institutional development. The first research was commissioned by the Russian Donors Forum and carried out in 2006 by Process Consulting in cooperation with a well-known Canadian CF development expert Monica Patten. In 2008 CAF Russia carried out a selective research of CFs in several regions of Siberia and Ural and a larger-scale research within the Global Fund for Community Foundations project.

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What **CFs are today**, what the differences between various CF types are, how they see themselves and what role they play in local philanthropy development, what their development prospects are – these are the questions answered by this report

The main difference between this research and the previous ones is its scale: for the first time the development dynamics were observed for all existent foundations. What CFs are today, what the differences between various CF types are, how they see themselves and what role they play in local philanthropy development, what their development prospects are – these are the questions answered by this report.

The research was carried out by CAF Russia and Process Consulting Company and **covers ten years – from 2003 till 2012**. These are the years when the Small Grants Programme for CF Development in Russia funded by C.S. Mott Foundation was implemented by CAF Russia. During the research information was gathered about all foundations and organizations (over 60) that received funding and consultations within the Programme. The main tool used for data collection were semi-structured in-depth interviews with CF leaders and trustees, experts (researchers and consultants working with Russian CFs), third sector leaders, specialists of grantmaking organizations that support CFs in Russia (including CAF Russia), and representatives of several large Russian corporations. The research also used the data from questionnaires filled in by the leaders of 40 existent community foundations within a survey. Besides, the outcomes of monitoring of CF activities and analysis of the CF Development Programme results over the 10-year period from 2003 to 2012 were also taken into account for this research.

We would like to thank C.S. Mott Foundation and Evolution and Philanthropy for the financial and moral support of the project. We would also like to thank all community foundations and organizations that took part in the research, and the CF representatives who agreed to discuss its outcomes. Our special thanks go to Jenny Hodgson, head of the Global Fund for Community Foundations for her invaluable advice and comments, as well as Ross Maclaren and Vyacheslav Bakhmin who contributed a lot when the design for this research was developed.

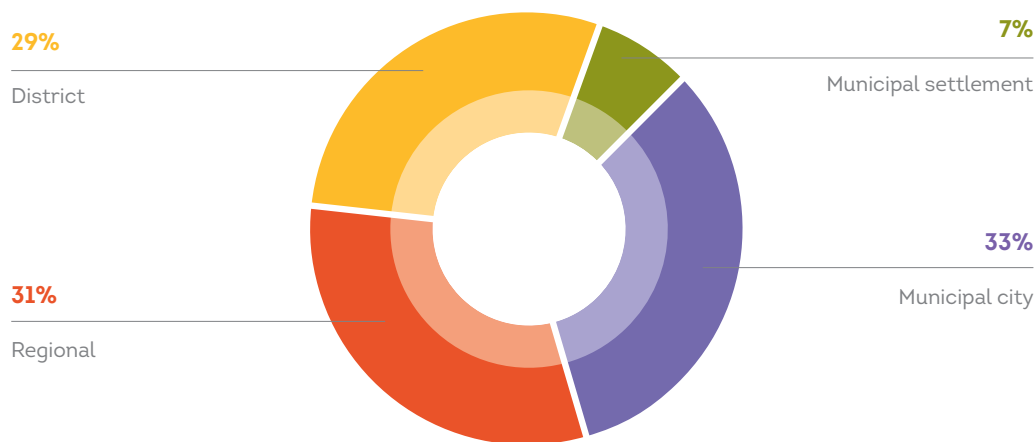
# THE CURRENT STATE OF CFS IN RUSSIA

## *CF Typology*

First community foundations emerged in Russia in 1998. Today there are about sixty organizations using CF model in the country.

CFs work in various municipalities from big cities to small settlements. According to the survey carried out by CAF Russia, the overall distribution of CFs across territories at the end of 2012 is as follows (Picture 1).

**Рис. 1. Picture 1. CF types based on territory characteristics**



The important trend observed over the recent years is that community foundations are developing actively not only in towns and cities, as it was in the beginning, but also in small rural settlements. Eighteen new CFs emerged since 2008, thirteen out of which develop in remote areas and rural municipalities.

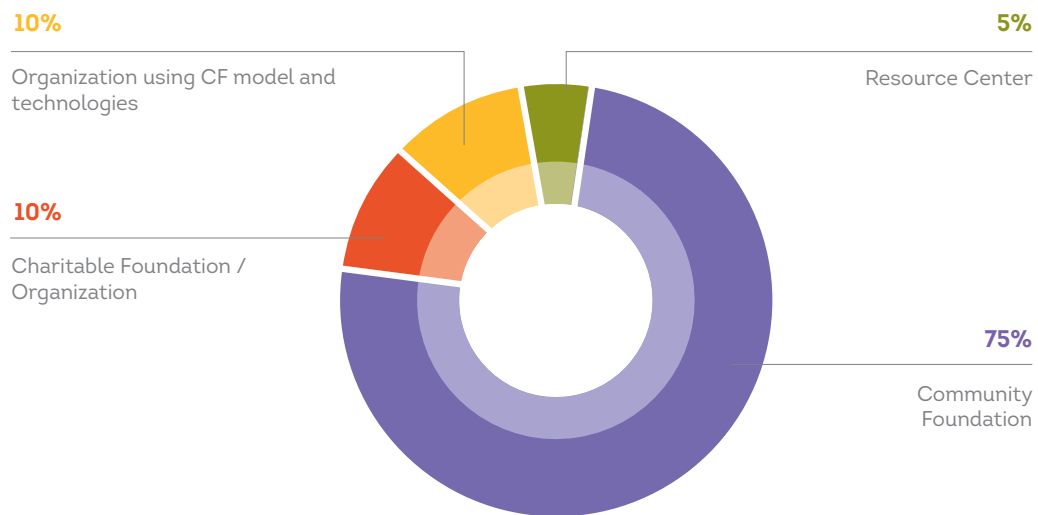
CFs of this type are mostly found in Perm Krai, Altai and Siberia (Krasnoyarsk Krai), and in the Far East. The emergence of CFs in remote rural areas is the trend observed over the last five years. As the diagram above shows, almost 40% of CFs belong to the new “rural funds” type (district and settlement CFs).

It should be noted that not all the foundations that work according to CF model consider themselves as such. There are community foundations with official CF status (Penza, Tchaikovsky), and organizations that function as CFs, but do not have the correspondent formal status (Pskov). The latter often say that they work “using CF methods and approaches”.



Out of the 58 organizations that took part in the research, 45 are legally registered as community foundations or their statutes include the basic principles of CF model, and 13 are large NGOs and resource centers using CF methods and approaches. Picture 2 represents the correlation of various types of organizations that work using the CF model.

**Picture 2. Organizations using the CF model**



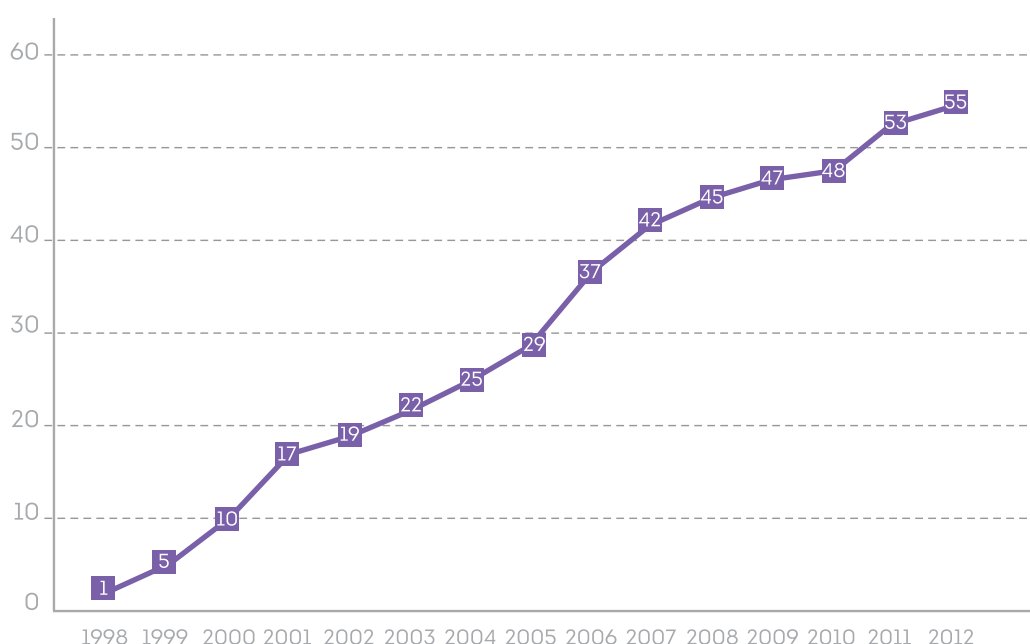
A conclusion can be made that for 25% of organizations the principles and approaches to local philanthropy development used in the CF model are becoming more and more important and significant. Some of the organizations have well-known brands and do not want to change their legal status. E.g., “Garant” Center that has a stable resource center brand in Archangelsk was working mostly like a CF in the recent years and is now actively developing new CFs in the North-West Federal District.

The CF community in Russia is marked by a wide variety of organizations it includes. Though all foundations aim to observe the basic principles of the CF model, no attempts to introduce standards, certify or codify their activities have achieved the desired outcome so far. The reason is the wide variety of communities served by the community foundations from economic, social and cultural perspective. E.g., it is hard to compare rural funds with CFs located in industrial cities, foundations in regions with well-developed infrastructure and high level of civil activism and CFs in remote areas where the population is mostly passive, etc.

## Geography, Scale of Activities

Over the fifteen years that CFs have been developing in Russia, about 60 professional organizations have emerged in a wide variety of communities across regions – from large cities to rural settlements. However, there were also failures over the period: 11 CFs had to stop their activities for various reasons. The main reason for this was a weak CF leader or the leader's resignation and absence of a team. Another important reason was the lack of community resources – both financial and social in the form of liaisons among community sectors – for CF development. Picture 3 shows the dynamics of CF development in Russia.

**Picture 3. CF Dynamics<sup>1</sup>**



Today there are CFs in seven out of eight Federal Districts of the country (the North Caucasus Federal District being the only exclusion) that geographically cover a territory of 9 time zones from Kaliningrad to Magadan (Picture 4).

---

### Today there are **CFs** in seven Federal Districts from Kaliningrad to Magadan

Attempts were made to establish community foundations in the regions of the North Caucasus Federal District, but the model was not accepted due to historic local traditions and the foundations that were registered could not function effectively. “New Dagestan” community foundation had a good start, but when the social and political situation changed and there were changes in the local authorities and elite, the CF had to stop working.

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<sup>1</sup> The number of formally registered CFs, some of which are not working at present.

Picture. 4. CF Distribution across Federal Districts



The map shows that Privolzhsky Federal District (PFO) has the most CFs (fifteen), which is explained by a number of reasons.

The very first Russian CF was registered in Togliatti fifteen years ago. The foundation became the experimental ground to master the new approaches to philanthropy development and an education center to disseminate the new experience and technologies. Numerous conferences, seminars, trainings and internships contributed to the dissemination of CF model in Volga Federal District.

**Secondly**, starting in 2000 the “Megaproject” Programme was implemented for a number of years in Privolzhsky Federal District with the support from the Office of the President’s Plenipotentiary. The programme was aimed at development of NGOs and introduction of new social technologies in fourteen regions of the District. Support of initiatives aimed at establishment of community foundations became one of the priorities within the Programme. That is how community foundations emerged in Samara, Penza, Saratov and Nizhny Novgorod. CFs received considerable financial support, which is very important in the initial stage. It should be noted that **the first community foundations were mostly established in big industrial cities**.

Besides, CAF Russia contributed to development of CFs in Volga Region: with the support from the World Bank CAF implemented a project “Local Self-Governance and Civic Engagement in Rural Russia”. One of the main areas of activity within the project was development of CFs as local self-governance institutions in remote territories. Then the attempt was made for the first time in Russia to adapt the CF model for rural territories. The project was implemented in Perm Krai and Penza Oblast, which also contributed to the development and growth of CF community in Privolzhsky Federal District. We believe that it was this project that boosted the emergence of rural fund model in Russia and the creation of the first Alliance of rural funds that unites ten foundations in Perm Krai.

Active development of CFs in Siberia Federal District is also explained by a number of reasons. Starting in 2003 the largest Russian companies, first YUKOS and then SUAL and RUSAL were developing the social and charitable programmes in the regions of their presence. They chose the CF model as the most effective one for the development of social initiatives, promotion of civil activism and engagement in dealing with local community issues. The task was set to diversify the CSR and find local resources to solve the most urgent problems in the territories. This is how YUKOS started a project in Angarsk in 2003, and later SUAL did the same in Shelekhov (Irkutsk Oblast).

The community foundations that emerged as a result of CSR programmes of these companies became one of the essential elements of city development. Фонды, появившиеся в результате осуществления социальных программ этих компаний, стали одним из элементов городского развития. Today the situation in Irkutsk Oblast is unique there are more CFs registered here than in any other region – nine: Angarsk, Shelekhov, Irkutsk, Irkutsk District, Svirsk, Sayansk, Ust-Ilimsk, Taishet, and Cheremkhovo. The CFs are developing in different ways and have various fundraising experience.

Besides, the Siberian Civic Initiatives Support Center (SCISC) plays a significant role in CF development in the Siberia Federal District. It is one of the oldest and largest resource centers, and its programmes are aimed at NGO and community development. The interaction with the Center allowed accumulating professional and other resources for development of civic initiatives in the regions of Siberia, identifying the most active leaders and creating the environment for CF development. This cooperation resulted into broad dissemination of CF model across the Siberian region.

There are currently two community foundations working actively out of three registered officially in the Far East: in Plastun Settlement and Terneisky District of Primorsky Krai. The main feature of these CFs is that they work in remote rural territories with low population density. “Gold Reserve” community foundation was registered in Magadan and started off quite successfully with the financial support from a large gold-mining company. Unfortunately, the CFs has not been able to consolidate the resources of the local business and is just starting to form the donor community by finding the first local donors – middle and small business representatives.

## *Reasons for CF Emergence*

Community foundations are the organizations that emerge within the community and act on behalf of it. They accumulate various resources from local companies, authorities, individuals and NGOs.

CFs emerge in mature communities that are able to initiate an organization that will coordinate various social initiatives and projects (for more information about the roles CFs play see section “CFs’ role and functions in communities” below). A group of people or a single leader having authority with the representatives of the local elites and ready to take up the responsibility for coordination of activities aimed at dealing with local issues and introduction of social innovation is also prerequisite for a CF.

The nature of a particular community foundation in Russia depends largely on who it was initiated by. CFs have a number of particular features that differ depending on the founders. CFs may be established by an NGO or a group of NGOs (Archangelsk, Tyumen, Saint Petersburg, Magadan). A company or a group of companies may also act as the CF founder (Dzerzhinskoye Settlement, Krasnoyarsk Krai) as do the local governance bodies (Maima Settlement, Altai Krai).

**The first Russian CF emerged in 1998 in Togliatti.** Then in 1999, it was followed by two CFs that were established almost at the same time in the Urals: in Tyumen and Tchaikovsky. This is what the CF development history started with in Russia.

The support provided to the CFs by various donors: international foundations and agencies, Russian companies and individuals. In different years the CF development was supported by the Ford Foundation, C.S. Mott Foundation, Eurasia Foundation, CAF Russia, Institute for Sustainable Communities, IREX, USAID, World Bank, Open Society Institute, Evolution and Philanthropy as well as Russian companies SUAL RUSAL, Polyus Gold and YUKOS.

The CFs have also received budget funding within grant competitions aimed at supporting the NGO sector development in Russia both on municipal and on federal level. CFs are included in the list of socially oriented NGOs and since 2011, they have taken part in the state programmes for support of SO NGOs.

Over the 10 years, CFs have been able to take their place at the core of community and region development processes. They promote dialogue between various stakeholder groups, contribute to development of civic initiatives and emergence of new leaders, contribute to strengthening the civil society organizations and provide professional services to local philanthropists.

## *The CFs' Role and Functions in Communities*

CFs perform a wide range of functions – from raising public awareness and developing civil activism to fundraising and distribution of various resources.

### Social animator

- Development of activism and mobilization of human resources.
- Identification and development of civil activism.

### Social lift

- The experience gained at CFs opens career opportunities both in the state and social sector.

### Funding tool

- Centers for local development and fundraising.
- Grantmaking, support and finance for local initiatives.

### Cooperation center

- Networking center.
- Place for negotiations between the authorities, business and community.
- Dispatcher – cross-reference of people and organizations to correspondent institutions.

### Center of innovations and knowledge about community

- Social innovator
- Developer and implementer of social projects and programmes
- Source of information about community, education in the field of philanthropy
- Expertise center. Research activities (assessment of community needs and opportunities, evaluation of the effect of resources invested and projects supported).

### Service provider

- For business: management of corporate social programmes or programmes of private foundations
- For authorities: management of municipal or regional grantmaking programmes
- For NGOs and initiative groups: local resource center
- Educational activities in the field of project management

## *CF Activities*

The CF activities may be classified into two types of processes: administrative and organizational.

The administrative processes include everything related to a community foundation's daily activities as a grantmaking organization: donor relations, grant competitions, and reporting.

The organizational processes include the community foundations' activities in the field of social development aimed at shaping their communities: implementation of comprehensive partnership projects, new initiatives and partnerships, public and media relations (charitable appeals and initiatives).

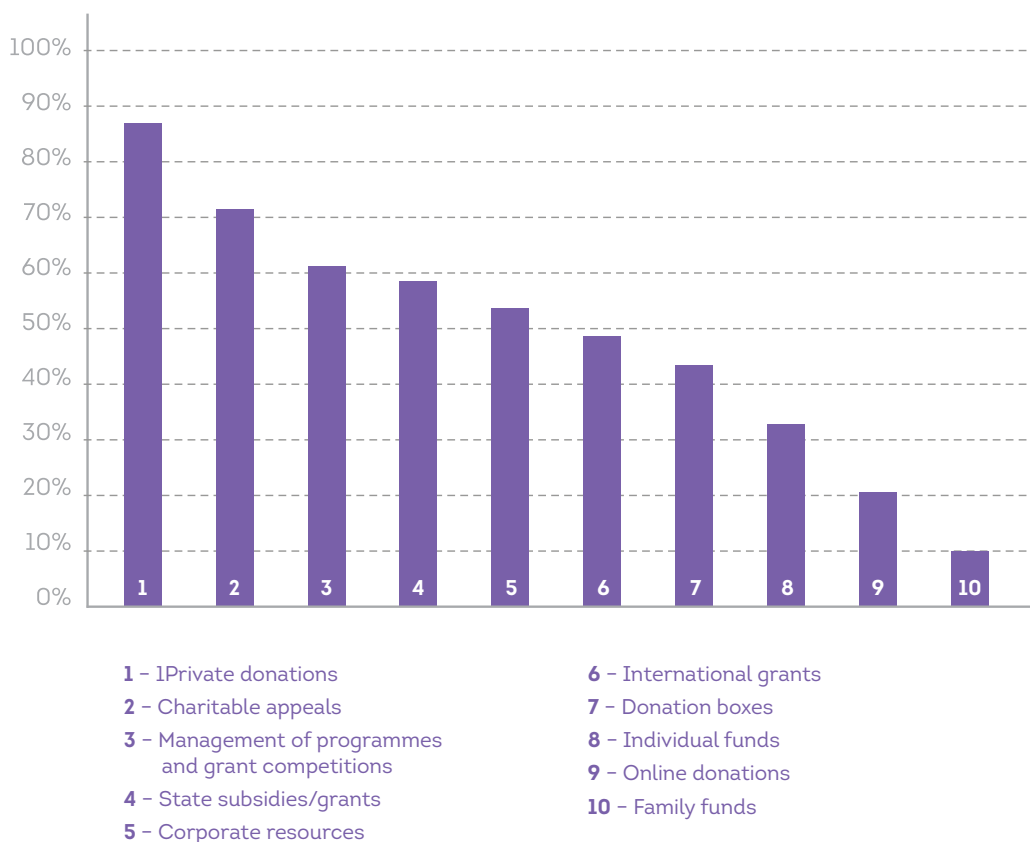
### **Administrative processes**

#### *Fundraising activities of community foundations*

Many community foundations transformed their fundraising and programme policies over the recent years. This happened due to the changes in the landscape of institutional philanthropy in Russia, as the private and corporate foundations started to develop actively. As a rule, these foundations' programmes are targeted at a particular audience or support of projects in a particular field. Large business companies identified their priorities and long-term objectives in the field of philanthropy and corporate social responsibility.

As the charitable resources are being structured and committed to particular causes many CFs have to revise their development strategies. They focus more on local philanthropy development via working with individual donors, small and medium business in their regions and through dissemination of private donations. There is a need to develop tools and principles to enable all social groups to take part in philanthropic activities and – less so – to position the CFs' activities as service provision for large donors in the field of corporate social strategy development.

**Picture 5. CFs' Sources of Funding<sup>2</sup>**



As the diagram (Picture 5) shows, private donations are the main source of funding and the fundraising priority for community foundations.

Online technologies for private donations are developing, including e-money. As a rule, they are used in cases of emergency, e.g. to raise money for seriously ill children.

In remote territories where there is less access to funding for social projects, community foundations play an important role as the local community development centers. As a rule, they are the only organizations that can apply for state subsidies or take part in regional or federal grantmaking programmes, i.e. have the opportunity to raise extra resources for local development.

Recently, in 2011-2012 these opportunities broadened thanks to the programmes of support for socially oriented NGOs. Over half of community foundations in Russia are taking part in these programmes.

Management of charitable resources for corporate and private donors is another way to raise the funds for community development. CFs develop sustainable charitable programmes and projects by creating signature projects for local philanthropists, both corporate and individual. E.g., there are 12 individual signature projects in the New Angarsk Foundation.

<sup>2</sup> Based on answers to the survey question "List your sources of funding"



This is a stable source of funding and a solid group of philanthropists whose resources are managed by the community foundation. Though international grants are still listed by the community foundations as one of their funding sources, the resources and opportunities in this field are very scarce. This type of support is most widespread in the regions of the North-West Federal District thanks to borderline partnership projects with the EU countries.

Over the recent years the new technology of diaspora fundraising started to develop when funds are raised from the former local community members who live in big capital cities. This is widespread among CFs working in small communities, rural and economically underdeveloped territories. Svirsk town foundation is one of the examples that can be provided here. They address former community members who are now successful businesspersons. The support is provided in the form of donations or agreements made between the CF and the companies to implement social programmes for the city. Another example is Sorokino rural fund. Diaspora representatives support the foundation with money and take part in the events and activities organized for community members.

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## The share of CFs' administrative expenses falls between 15–25%.

Though community foundations still mention fundraising using donation boxes, this is more like a tradition. This technology is not effective enough. According to the survey data, the share of money raised using the boxes is very small compared to other forms and sources of funding. Donation boxes today are more like a PR-strategy component for community foundations.

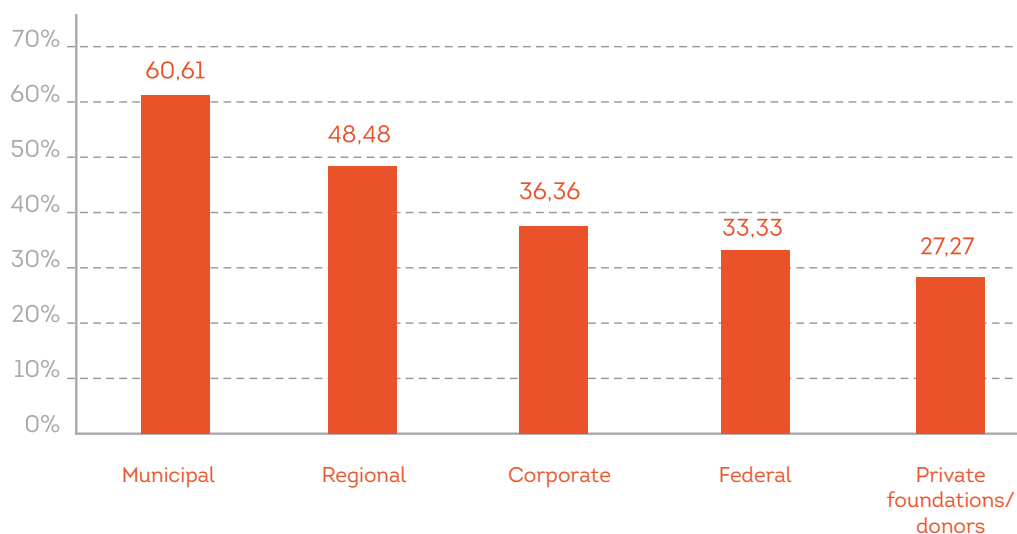
Another source of funding mentioned by CFs is the management of various grantmaking programmes and competitions organized by the state or corporate donors and taking part in these programmes as contractors (Picture 6). In this case, community foundations demonstrate high level of professional skills in the field of programme management and they are trusted more as responsible and transparent organizations. Taking part in these programmes allows the CFs to cover at least partially their administrative expenses, which is very important.

Practically all community foundations aim to minimize their administrative expenses (which is an important indicator for them) and note that it is especially difficult to find the funding to cover them. Local donors are usually unwilling to provide funding for the organizations' day-to-day operations.

When we analyzed the reports submitted by the grantees of the CF Development Programme, the share of CFs' administrative expenses fell between 15% and 25%. This indicator was calculated using the total amount of grant funding and programme expenses on various community activities related to civic engagement. It is difficult to separate these two types of expenses because many foundations show their programme expenses as the resources transferred to the communities. Another difficulty with the CFs' programme expenses is that often the support is provided in-kind: office, equipment, volunteers, etc. Not all CFs have enough programme and finance management skills, so it is difficult to obtain actual data and we have to use expert opinions.

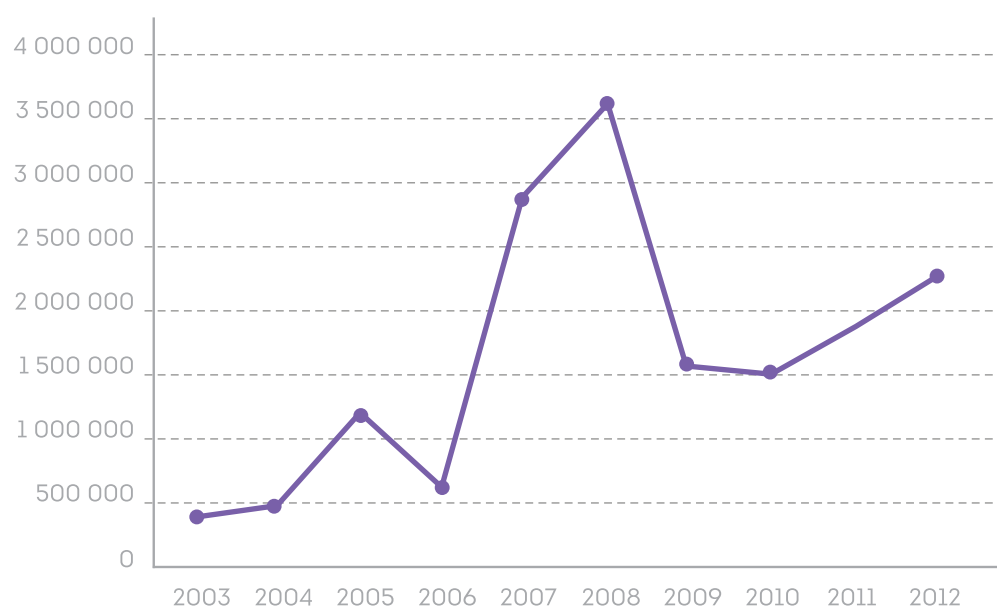
At the same time, community foundations have good accounting and reporting technologies for the resources they raise from the donors and communities. CFs also mentioned social entrepreneurship and self-generated income (e.g. from consulting and training) as one of the sources of funding.

**Picture 6. CFs' participation in other programmes as contractors<sup>3</sup>**



Below are the data on resources CFs raised from the local sources over the 10-year period we look at in this research (Picture 7, US dollars).

**Picture 7. Resources raised by CFs from the local sources**



According to the diagram, the amount of resources raised reached its peak in 2008, which was followed by a sharp decline. At the time, the situation was influenced by the global financial crisis and the changes in the priorities of the CF Development Programme. One of the new Programme priorities was the support of new CF initiatives with startup grants. The newly established foundations were just starting to work and were not able to raise significant amounts of resources in just one year. This is reflected in the overall amount of resources raised by Russian CFs in 2008-2010.

<sup>3</sup> Based on answers to the survey question, "What programmes does your organization take part in as a contractor and/or administrator?"

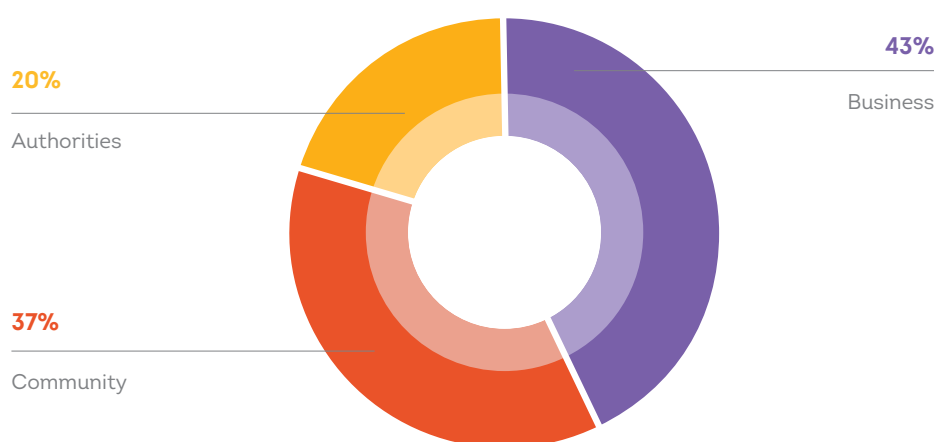
Over the ten years, the CF Development Programme has been implemented in Russia grantee CFs raised at least \$ 16.5 m. from the local sources<sup>4</sup>.

Over the ten years the CF Development Programme has been implemented in Russia grantee **CFs raised at least \$16.5 m** from the local sources

### Place for negotiations

One of the basic organizational principles of community foundations as the organizations that act on behalf of community as a whole is the representation of authorities, business and community in their governance bodies (Board of Directors, Management Committee, Board of Trustees, etc.). In fact, CFs became a place for negotiations in their communities, as they were able to create an organizational structure that enables various stakeholders to reach consensus and make joint decisions. In this research we wanted to look at how much the authorities are involved in the decision-making and able to influence the CF policies, priorities and practices, and whether the equal representation principle is observed for the CF governance bodies. Picture 8 shows the representation of various stakeholder groups in the CF governance bodies.

**Picture 8. CF governance bodies structure and composition**



The diagram shows that the representatives of authorities make up only 20% of the members of CFs' governance bodies, while the share of business representatives prevails. Therefore, there is no evidence to support the widespread concern that the authorities might dominate the CFs' decisions. According to the data presented by the community foundations, business representatives participate actively in making decision regarding the CFs priorities, discussing the community issues and selecting projects to be supported.

On the one hand, business provides support to community initiatives and at the same time has the opportunity to take a closer look at the grant applications and assess community needs. On the other hand, involvement of business representatives in the discussion and decision-making around community issues develops and strengthens the feelings of social responsibility, involvement in the community life, increases self-esteem and encourages further actions.

<sup>4</sup> In fact, this amount is even bigger, because we were not always able to get the data from the community foundations that do not receive grants within the Programme

## Grantmaking activity

Grant programmes funded out of various local sources are one of the core mechanisms for community development and support. **Grant competitions develop project thinking, support the most effective and up-to-date projects for the communities.**

Variety of issues dealt with offers opportunities for development and cooperation.

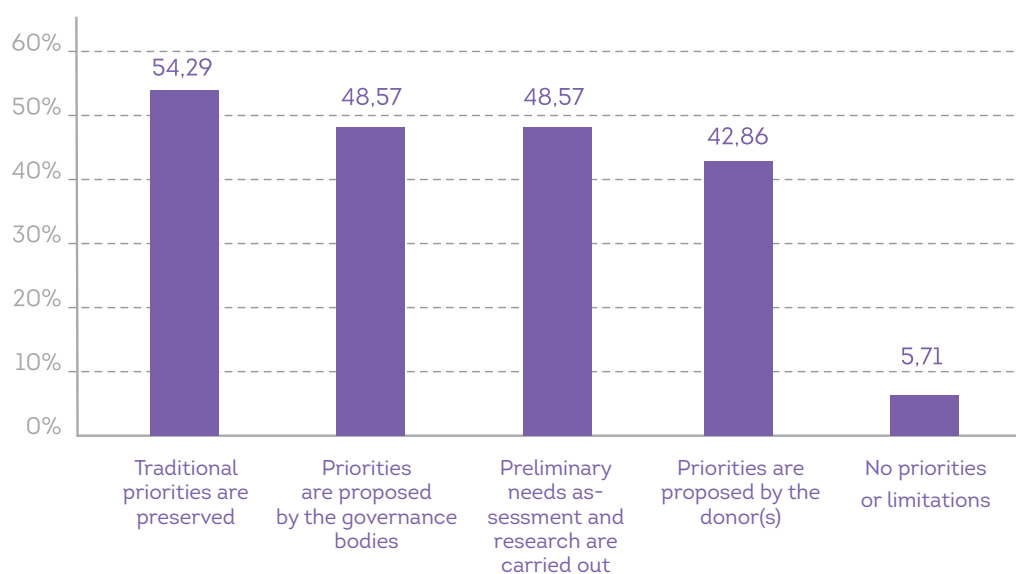
Grant competition contribute to community networking. For many NGOs, taking part in a grant competition is a new stage of development. Within the competitions, initiative groups get an opportunity to structure their efforts.

**Almost 80% CFs surveyed said “yes” to the question whether they hold their own grant competitions to support community initiatives**, and only one-fifth said “no”. Those with the negative response are the beginners and “newcomers” that do not have the resources to fund the projects at the moment.

With the necessary grantmaking competencies, clear technologies and procedures CFs often act as administrators of various grant competitions held by both the state and corporate donors. E.g., LUKOIL Company uses a rural fund in its territory of presence in Perm Krai to manage the grant competitions.

When the grant competition priorities are identified community foundations are more and more often involved into preliminary research and community needs assessment besides the traditional selection of priorities based on the donors’ or the governance bodies’ suggestions. Another approach is having no priorities at all, which is characteristic of grant competitions aimed at satisfying current community needs and demands (Picture 9).

**Picture 9. Identifying priorities for CFs’ grantmaking programmes<sup>5</sup>**



<sup>5</sup> Based on the answers to the survey question “How do you identify your grantmaking priorities?”

Organizing and holding a grant competition is a long process that includes not only evaluation of applications but also monitoring and evaluation of projects. Sufficient financial resources are also required.

**58% survey participants hold one grant competition a year, 16% – two competitions, and 26% – more than two competitions.**

The research outcomes demonstrated the specific features of grant competition programmes implemented by CFs.

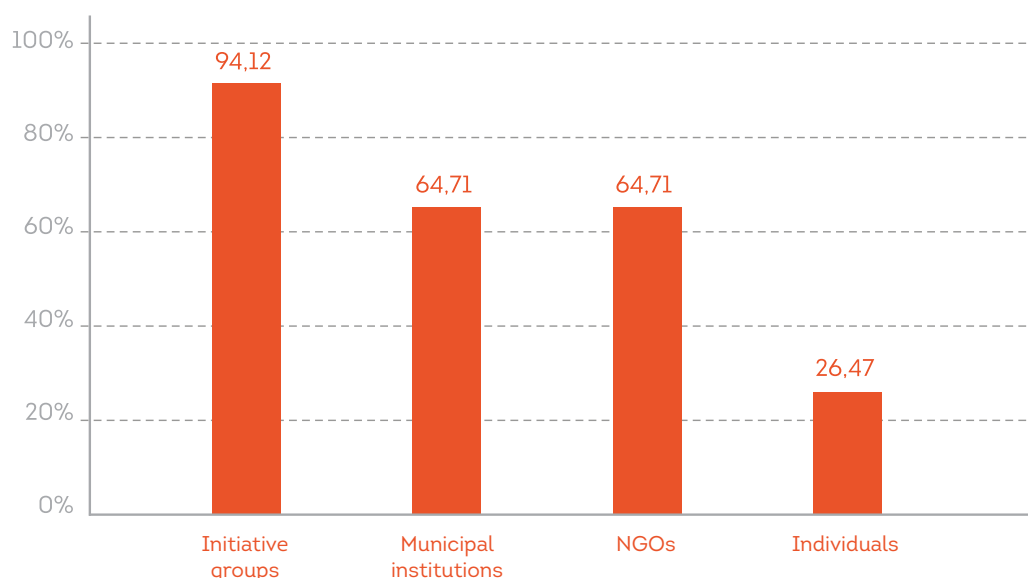
- Over 90% of community foundations support initiative groups, which distinguishes them from the majority of charitable grantmakers. In small towns and especially in remote territories there are very few NGOs. Community foundations pay considerable attention to support of community initiatives in particular, i.e. they actually contribute to the territories' social capital and development of civic initiatives.

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### Over 90% of community foundations support initiative groups, which distinguishes them from the majority of charitable grantmakers

- Individuals make up almost a quarter of all CFs' grantees. This is characteristic of small communities where people know each other better and the level of mutual trust is higher. There are examples when a grant is actually a zero-interest loan, which in fact supports a social enterprise. E.g. in Svirsk, Irkutsk Oblast a local entrepreneur created a cinema. He received funding from the CF to study, and afterwards he developed and implemented his project. Grant support is also provided to young people within scholarship programmes that also use the competition mechanism (Picture 10).

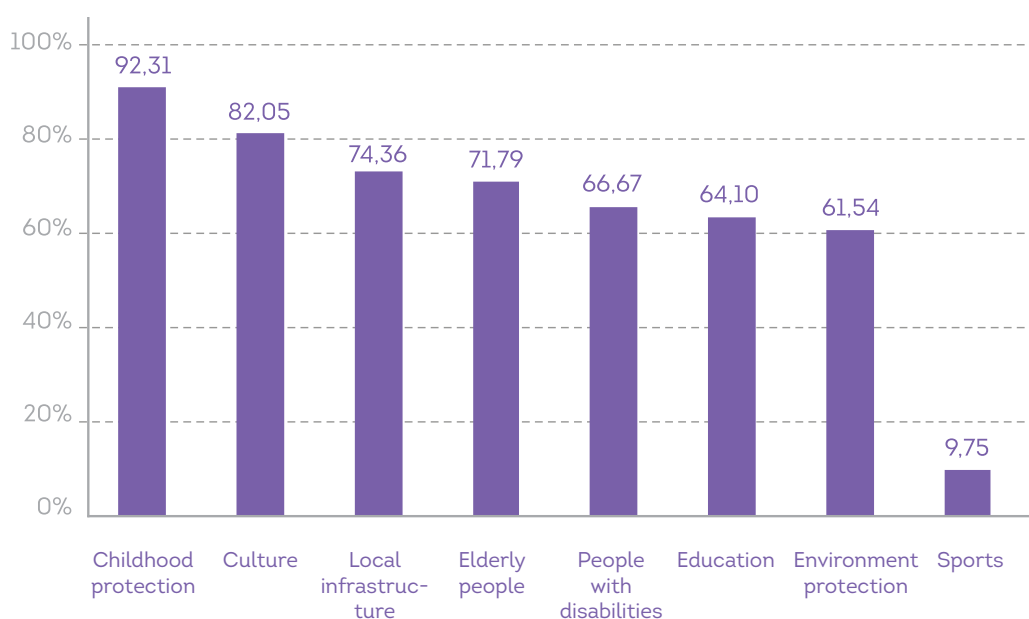
**Picture 10. Grant competition participants<sup>6</sup>**



<sup>6</sup> Based on the answers to survey question "What is the target audience of your grant competitions?"

CFs support a wide variety of causes within their grantmaking programmes. **The top priorities are support of vulnerable groups and projects aimed at improving the environment and quality of life.** Some community foundations also mentioned such areas of activity as natural history, youth involvement into self-governance, leisure activities for teenagers and youth, civic initiatives, various innovations, local conflict resolution, family counselling, communal services, etc. There are virtually no human rights projects or projects aimed at resolution of nationality issues (Picture 11).

**Picture 11. CF grant competition priorities<sup>7</sup>**

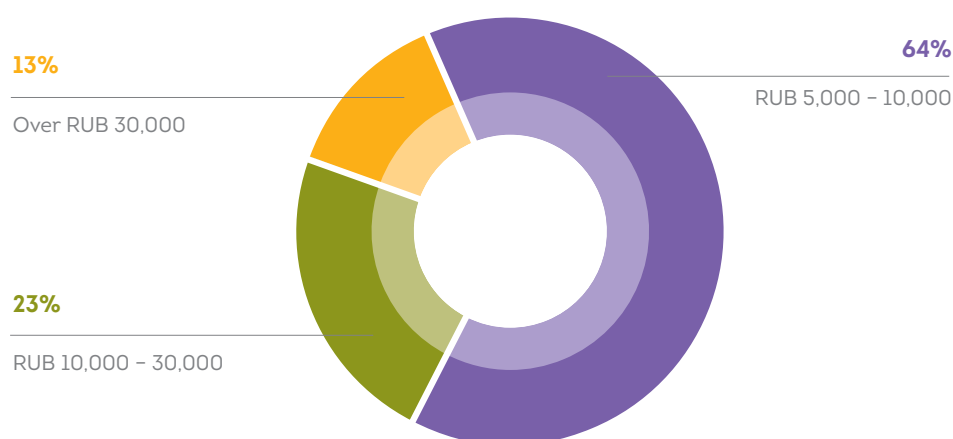


Grantmaking programs implemented by CFs usually involve consultations provided to participants, specialized seminars for project development, monitoring and evaluation of impact of the projects supported.

The amount of funding provided largely depends on the amount of grant funds available. As the research shows, the grant amounts vary a lot (Picture 12). Traditionally **the minimum grant amount is RUB 5,000 – 10,000**. There are some smaller grant amount that were awarded by CFs, but they were reduced due to the experts' recommendations, not announced in the grant competition guidelines. These small grants are usually provided to support short-term projects implemented by initiative groups and NGOs without further monitoring or interim financial reporting.

<sup>7</sup> Based on answers to the survey question "What are the priority causes supported by your foundation?"

Picture 12. Minimum grant amounts



**The maximum grant amount varies from RUB 15,000 to RUB 300,000.** There are larger grant amounts, up to RUB 4,000,000; but they were provided within specialized grant competition for large town infrastructure projects (e.g. the data provided by the “Legacy of Irkutsk Philanthropists” Foundation).

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The **effectiveness and economic justification of the budget** are the main criteria when it comes to funding decision-making

When grant applications are reviewed and assessed, all CFs use the approved Statement on the grant competition or the programme, guidelines for grant applicants, and the system of evaluation criteria. The expert council that includes both CF governance members and independent external experts makes the funding decisions. The influence of business stakeholders is noticeable when it comes to application assessment. The business approach places special accent on economic effectiveness of the projects, encourages participants not only to show the social significance of their activities but also to calculate the budget and resources needed and available for the projects to justify them economically. The effectiveness and economic justification of the budget are the main criteria when it comes to funding decision-making. The local community money “costs more”, as the funder and those who implement the projects are always close to each other. That is why the level of responsibility for the results and the funding provided is always higher.

Over the ten years the CF Development Programme was implemented at January 1, 2013, the survey participants held over 500 grant competitions and provided support to over 4,000 social projects out of the local resources.

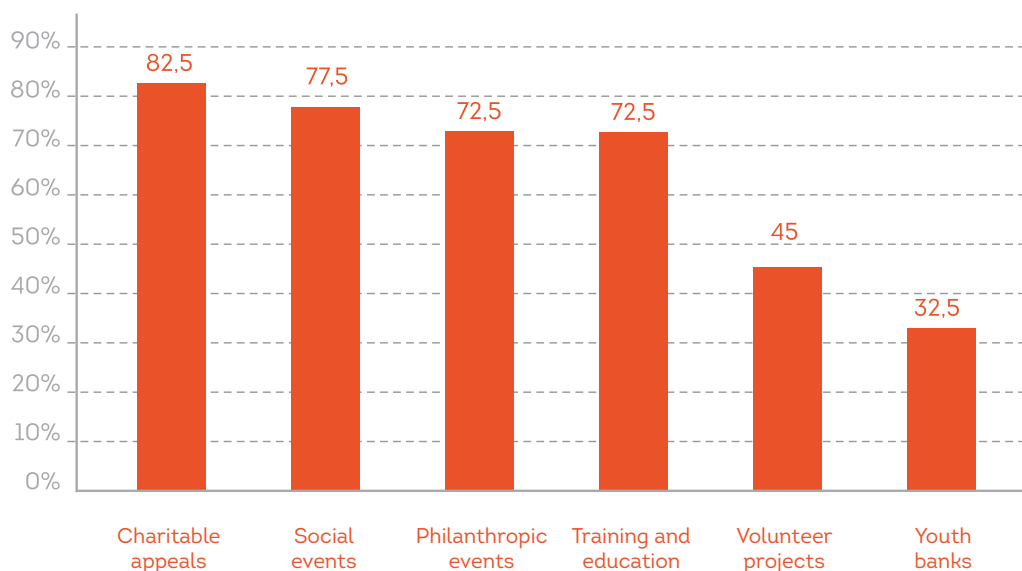
## Organizational Processes

### Raising the level of civic activity

CFs occupy a unique niche in the field of local philanthropy support and development of civic activism and engagement. A community foundation often acts as a resource center being the only organization that can support and develop NGO competencies and the only source of support for small NGOs and initiative groups especially in remote territories. Foundations hold regular seminars and presentations on various aspects of NGO activities: legal, financial and project management.

First of all, CFs encourage and develop cooperation among all community groups, form the social capital and the feeling of responsibility for dealing with local issues and developing local communities (Picture 13).

**Picture 13. CF activities (besides grantmaking)<sup>8</sup>**



As the diagram shows, the accent is on development of civic activism and engagement, new technologies for cooperation and horizontal networking among various community groups.

Foundations implement a wide spectrum of activities and events aimed at development of activism and civic engagement in dealing with local issues, and establish new community traditions. They organize annual charitable activities, appeals and campaigns like “A Good Town”, “Help the Kids Get Ready for School”, “Caravan of Good Deeds”, etc. These are new formats of community life aimed at involving the local people in philanthropy and making them responsible for the positive changes in their communities.

<sup>8</sup> Based on answers to the survey question: “What other activities besides grant competitions does your foundation implement?”

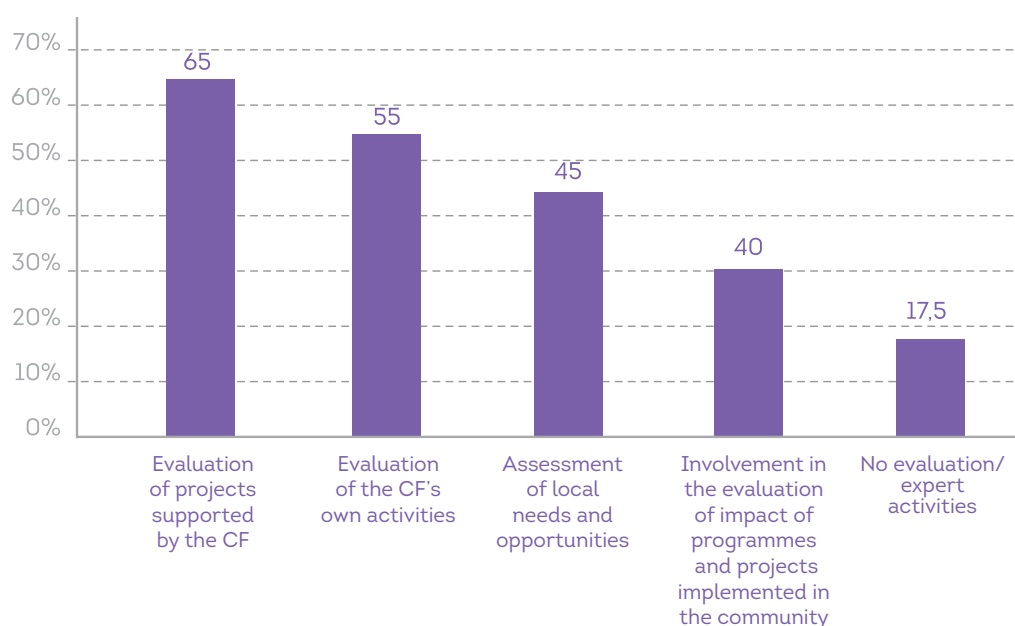


## Knowledge centers

Community foundations are developing their expertise in the field of evaluation of their activities and social projects implemented in their communities. **Out of the 40 CFs that took part in the research, only seven are not involved in evaluation/expertise**, and these are mostly new foundations that just started to work.

Picture 14 shows the areas in which community foundations develop their expertise.

**Picture 14. Areas of activity using evaluation tools<sup>9</sup>**



Over half of the CFs surveyed evaluate the outcomes of projects they support and their own activities. However, evaluation is an expensive tool requiring considerable professional resources that are not always available, especially in smaller communities. As a rule, community foundations only evaluate selected projects to understand whether the results achieved correspond to the objectives set.

Often CFs analyze the publications in Mass Media on their projects and activities for the purposes of external evaluation. One of the CFs mentioned a system of KPIs it uses to evaluate its activities that was developed by the foundation with the help of an external consultant. CFs are also trying to find pro-bono evaluation professionals.

For the purpose of community needs assessment focus group interviews, Media monitoring, analysis of applications received by the CFs, surveys of opinion-leaders, specialized sociological tools, expert opinions and analysis of NGO proposals are used. Almost all community foundations have a representative of the local administration who is an additional expert resource helping them to identify community needs and problems.

<sup>9</sup> Based on answers to the survey question "What kinds of evaluation/expert activities do you implement?"

Community foundations initiate **social forums and public hearings to encourage public discussions**, which also allows understanding the local problems and needs better.

A good example is the “Civil Unity” Foundation that formed a discussion facility that functions on an ongoing basis and prepares annual reports on the state of civil society in Penza.

Another needs assessment tool is the Social Projects Fair format. As the CFs analyze the projects presented at the fair, they can identify the community priorities, needs and problems.

The CF in Tchaikovsky created a specialized Laboratory for Social and Economic Research. Its objectives include both community needs assessment and evaluation of the outcomes achieved within the projects supported by the community foundation. “Sodeistvie” Foundation in Perm employs a sociology expert.

In recent years the assessment of opportunities and resources of territories and social capital of communities has been developing.

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## CFs adapt well to various circumstances and find opportunities for development even during financial crises and in territories with weak economy

The new tool here is the methodology for assessment of social wellbeing in the community. The methodology was developed to increase the impact of social programmes and use the community resources to the full, broaden the CFs’ expertise related to assessment of local needs and opportunities, identification of the “points of growth” in cooperation with professional sociologists (for more information go to “New Trends in CF Development” section).

As the CFs skills and knowledge related to expertise and evaluation develop, they gather information on community development and issues, points of growth and opportunities, involve local experts and specialists, and **become the knowledge centers that have the actual data on community development and problems**.

The main conclusion to be drawn is that CFs adapt well to various circumstances and find opportunities for development even during financial crises and in territories with weak economy. We believe that this is due to the CFs’ ability to form and accumulate social capital within their communities when they do not have enough financial resources.

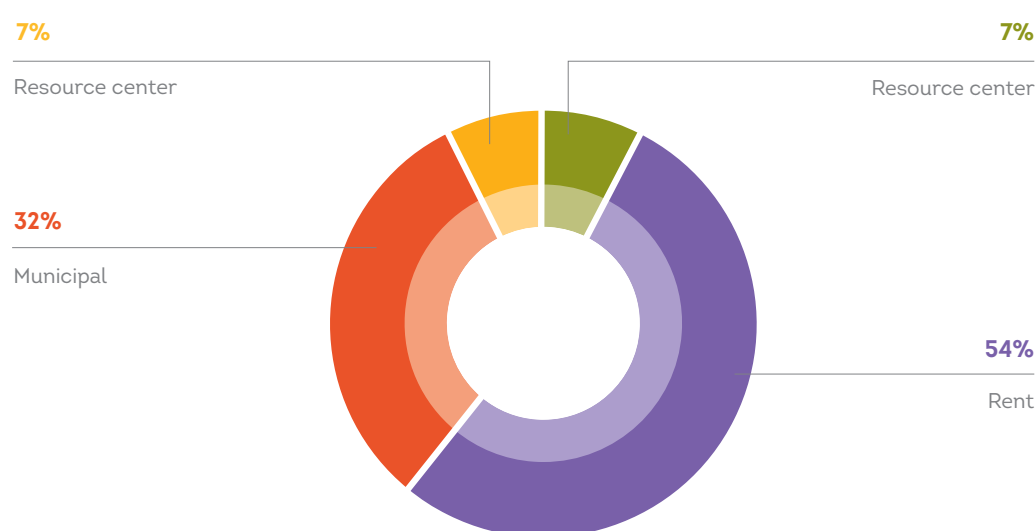
CFs master new technologies and research tools to understand the community problems and find optimal solutions, build new connections and form social networks, develop local philanthropy and strengthen intersectoral cooperation, create new events and establish traditions.

## Sustainability Factors

### Functional Working Place

A CF needs to have the office equipment and means of communication to perform its functions normally. The research showed that not all the CFs are well equipped, e.g. 7% of the CFs surveyed do not have an office. An office is an important resource and it is always a “source of problems” when it comes to sustainability and an additional load on administrative expenses. Only 3% of CFs in Russia own their offices; the others either rent them or use some municipal property (Picture 15).

**Picture 15. CF Offices**



### General and Long-Term Strategy

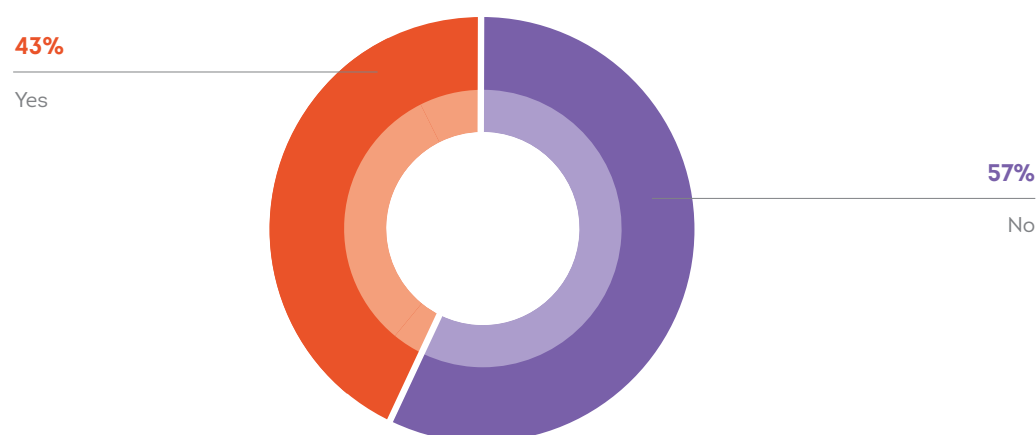
The presence of a long-term strategy in contrast with “project approach” is one of the key sustainability factors for CFs (Picture 16). The experts believe that a community foundation should be treated as a long-term initiative, not a single project. In Russia, there are examples when CFs could not continue working without external support even though they had start-up funding and favorable environment for development. Another “project approach” example is a CF established within an election campaign, in which case nobody needs it after the elections.

CFs’ fundraising policies depend a lot on their long-term strategy. Research showed that less than half CFs (43%) have even a middle-term strategy (as a rule, for the nearest three years).

Obviously, with the limited human resources the community foundations find it more important to be flexible and respond to the current situation than to go deep into strategic planning.

According to the CF representatives, strategy depends on a number of factors including but not limited to: the community's ability to identify development priorities; the donors' preparedness to support priority causes; the local administration's willingness to support these priorities within municipal programmes; the number and quality of NGOs that are able to tackle the priority issues.

**Рис. 16. Наличие оформленной стратегии**



Nevertheless, the experts are sure that the need in long-term strategies will grow and be recognized by the majority of research participants in the future.

### **Personality factors. HR strategy**

**CF leader's professional qualities.** The key factors that ensure CFs' sustainability in Russia are their leaders' commitment and professional skills.

CF leaders are community leaders and the status of a CF depends a lot on personal qualities of its leader. This is the community foundations' strength, but at the same time, it is also their weakness. There is always a risk that the CF will have to stop working actively, because its leader will have to go for some reason, especially if the CF does not have a strong professional team.

There are examples in Russia of community foundations that stopped developing when their leaders left or lost enthusiasm and when new leaders took their place. In all cases, this happened due to some objective reasons (moving house, new job, marriage, etc.).

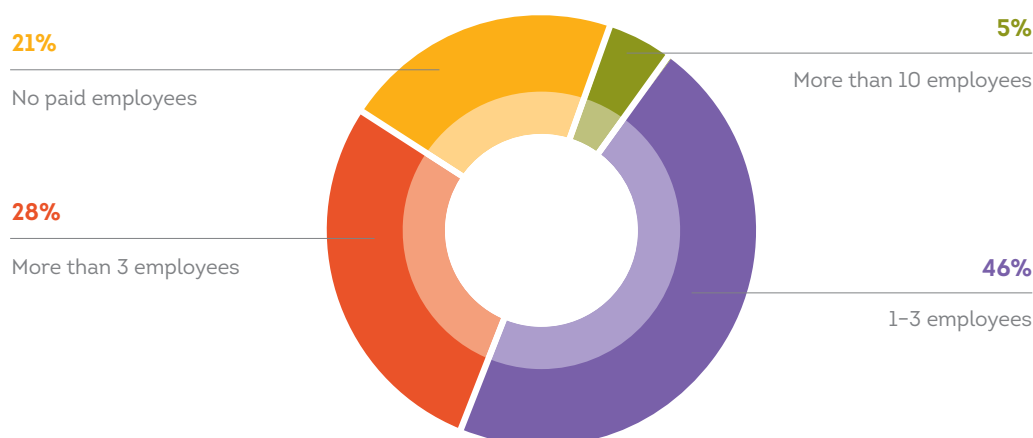
**The leader's connections in the community.** CF leaders constantly interact with people, and social skills are very important for them. Having connections in the local administration, business community, NGO sector as well as communication and interaction with initiative groups and individuals are necessary for the leader to ensure effective work and sustainability of a CF.

**The presence and constant growth of the number of various partners.** CFs need to work constantly to broaden the scope of their individual and institutional partners and supporters in various community groups. Many CF leaders are members of various public boards and counsels, commissions on social policy and development, public chambers or deputies of their municipalities. This kind of activities helps CF leaders to strengthen their foundations' positions in communities and establish partnerships with various stakeholders.

**CF team.** The leader cannot do everything alone. One of the key factors to CF sustainability is a strong team that may include both regular employees and volunteers. Some of the respondents stated clearly that working for a CF could not be a hobby (i.e. it has to be paid) at least for some of the staff members, including the CF director.

Normally CFs have small teams of staff who are employed on a permanent basis and paid for their work. (Picture 17).

**Picture 17. Number of paid CF employees**



Almost half of the CFs surveyed (46%) have a staff of three employees (director, accountant, grant manager/administrator) or less; one third have up to 10 employees. Those big organizations have enough resources to pay all the employees. CFs achieve sustainability and high level of professionalism by involving volunteers and cooperating with other organizations within various projects and programmes. Recently, CFs started to work with pro-bono specialists. Only 13% of CFs surveyed do not work with volunteers.

**The composition and activity of the Board of Trustees** also influences CF sustainability a lot. The Board of Trustees may be a valuable resource: its members involve new partners, donors and friends in the CF activities. However, only a few CFs (5) have Boards of Trustees; for most CFs in Russia, this opportunity remains unexplored.

## Information and PR Strategy

Information and PR Strategy is another important component of CF sustainability. Most CF leaders noted that they often involve Mass Media in their programmes as information partners. In most cases, the format of press breakfasts is used and reporters are invited to attend the events organized by community foundations.

**CFs started their own electronic and printed media.** E.g., “FUND” journal (go to <http://jurnal-fond.org> for the latest issue in electronic format) and the “News of the Partnership” digest for the members and experts are published by the CF Partnership. “New Angarsk” Foundation in Siberia started to publish a magazine on philanthropy “Dobrodei” in colour.

Another information resource used actively by CFs are the collections of best practices published and disseminated by some of them.

Practically all the community foundations (85%) prepare and disseminate annual public reports on their activities, hold public presentations and discussions. These reports demonstrate transparent policy and effective use of funds, as well as results achieved and, according to CF leaders, attract new partners.

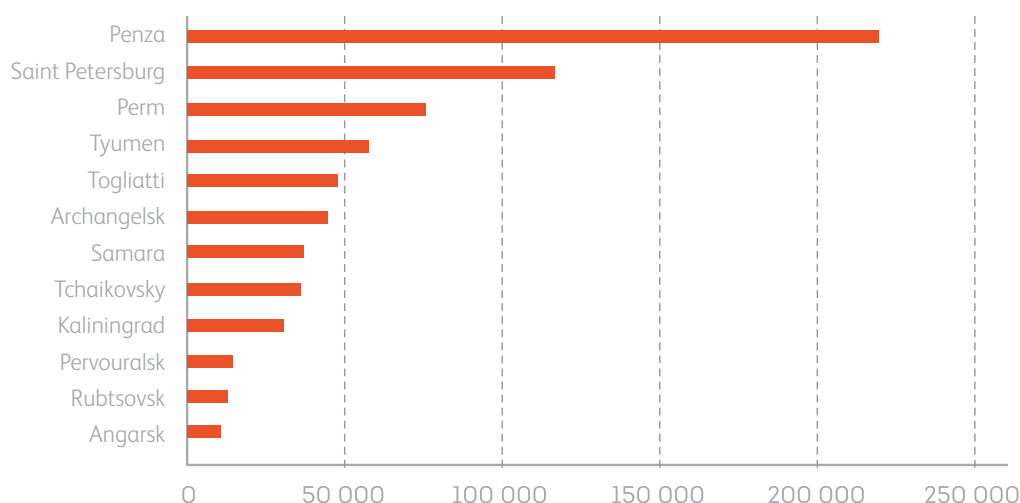
Websites are still not widely used by CFs to inform communities about their activities. Only 60% of CFs have their websites, and some foundations have webpages on the websites of their municipalities.

Only a few CFs use the Internet as a means of communication and in broader context as a place for discussions on philanthropy issues on federal level.

Picture 18 provides the outline of CFs’ presence in the Russian language Internet segment.

It is easy to notice that some CFs have much better Internet presence than their colleagues. Most of them are not very good at presenting themselves online.

**Picture 18. Presence of Russian CFs in the Russian-language Internet (Runete)<sup>10</sup>**



<sup>10</sup> Web search results for the phrase “name of city/town + CF” in Russian using Google search engine

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**85%** of community foundations publish annual public reports, **60%** have their own websites

The information strategy for CFs located in small towns and rural areas is specific. Leaders of these CFs usually act as those “responsible for philanthropy”: they are both experts and activists in this field. They are very good at what they do but to be even more effective, they need external information support provided by regional CF alliances and to some extent by the CF Partnership and more experienced CFs from other regions.

### **Financial strategy, choice of financing type**

The important characteristic feature of the current state of CF development is that they have not yet finished working on their financing sources and their activities are still unbalanced. **The models of donor communities depend on the type of region and area the foundation works in.** This is also true for programme activities, where there are still no clear strategic priorities, and this in turn influences the fundraising strategy. Most community foundations use various fundraising technologies.

The majority of CFs cannot achieve sustainability without a donor community. CFs use and develop various models and tools for business engagement in dealing with local issues. **The simplest tool – personal relations – takes the first place.** As a rule, potential donors are invited to join existing CF programmes or they are offered an opportunity to develop their own specialized programme, based on their opportunities and priorities.

For the majority of donors a decision made to take part in these activities identifies their long-term priorities. E.g., one of the entrepreneurs in Pervouralsk put it this way: “The Foundation is for the lifetime, as long as I can stand up”. **Taking part in the CF has some significant non-monetary advantages for the entrepreneurs.** These include “a dose of publicity” (“the publicity that does not annoy you”); recognition in the community; a sense of significance; being perceived by the public as interesting, extraordinary people; informal, sincere gratitude from the community; a sense of fulfillment, public service (which, in fact, influences the business ethics a lot).

Information about the CF activities and the activities of its grantees is widely used as a tool for donor relations. Both existent and potential donors are invited to the events organized by community foundations.

**The most widespread types of events are charitable appeals, dinners, conferences, grantees’ project presentations.** Many CFs have the annual “Philanthropist of the Year” award that helps to encourage public recognition of the role of local philanthropists. Every year there are more nominees for the award.

**The “Good City”** charitable programme exists in a number of regions. It is aimed at spreading the word in the communities about the advantages of philanthropy and attracting new donors.

As it was already mentioned above, CF leaders are members of various professional groups, including boards of directors or business development councils in their municipalities. Thus, the CFs become even closer to the local business communities.

The example is the “New Angarsk” Foundation that works actively with the Municipal Business Development Council. The members of the Council are heads of small and medium business companies who take an active part in expert assessment of the CF’s projects and provide financial support. The annual competition within the Social Projects Fair, when projects are supported and “purchased” by business companies is the most significant and well-known foundation’s project.

In Krasnokamsk (Perm Krai) the Philanthropy Gathering is being created. It is the new format aimed at uniting all philanthropists in the town.

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**Togliatti CF has the most significant amount of capital reserve (RUB 52,000,000), and “Pervouralsk 21 Century” takes the second place with RUB 12,000,000 capital**

Art fundraising is another tool that has been used successfully for a number of years. Rubtsovsk CF is the most well-known example of this kind of fundraising. The CF has staged a number of music shows and plays involving representatives of local business and the funds earned from the sale of tickets are used for charitable programmes. This is not only an effective civic engagement model but also an art practice that has already become one of the town’s cultural traditions. The technology is now used by other CFs, both existent and new ones.

**The majority of respondents mentioned endowment as one of the factors that contribute to CF sustainability.**

However, when this research was finished none of the CFs had an endowment. According to the Russian legislation, the minimum endowment amount is RUB 3,000,000, which is practically impossible for most community foundations. Despite the limitations, CFs aim to save up some resources. Togliatti CF has the most significant amount of capital reserve (RUB 52,000,000), and “Pervouralsk 21 Century” takes the second place with RUB 12,000,000 capital.

In other foundations, the amount of capital varies from RUB 700,000 to RUB 2,000,000. The CFs usually call these funds purpose or resource capital.

The practice of funds management are generally limited to deposit accounts, which is due to high risks caused by recession. Rubtsovsk CF uses its capital for short-term loans to its governance members, but this practice requires a lot of responsibility and high level of trust to the borrowers.

According to the CF Director Tatiana Bukanovich, “Purpose capital is the additional service for the business, as the entrepreneurs that support the foundation may borrow the money for business development with 20% per annum interest rate. The interest rate is high, but the entrepreneurs treat these loans in a special way because they know what will be done with the money that they help to grow”. The interest earned on such loans allows the CF to cover part of its administrative expenses. Other community foundations have not used this practice.



What are the funding sources for endowments? These could be the funds provided by the founders, like in Shelekhov and Ust-Labinsk. The funds of business companies and private donations are also used and so are the CFs' earnings from entrepreneurial activities or social services.

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**Purpose capital is the additional service for the business,** as the entrepreneurs that support the foundation may borrow the money for business development with 20% per annum interest rate

In 2011 a new projects started in Volga CF Alliance in cooperation with the Donors Forum aimed at developing the legislative framework and forming regional endowments in two regions: Samara and Penza Oblasts. The community foundations of Togliatti and Penza initiated the project. Vladimir Potanin provided financial support by contributing RUB 1 million of his own funds to Penza CF endowment. This is just the beginning: these endowments were not registered officially. The majority of CFs surveyed (26 out of 40) have no plans to build endowment capitals in the nearest future due to limited fundraising opportunities offered by the local sources. Besides, the attitudes to endowments vary a lot, which is reflected in the two quotes below.

- *"It (the endowment) is rather small, but it helps us survive in difficult situations".*
- *"Russian CFs should not aim to build endowments. In our case, this has no sense. You waste time and effort and then your tiny endowment disappears due to inflation or global financial crisis. It is much better to use the funds you raise to support local initiatives today".*

It should be noted, however, that usually less experienced CF leaders are more optimistic about endowment capital while their more experienced colleagues are much more skeptical.

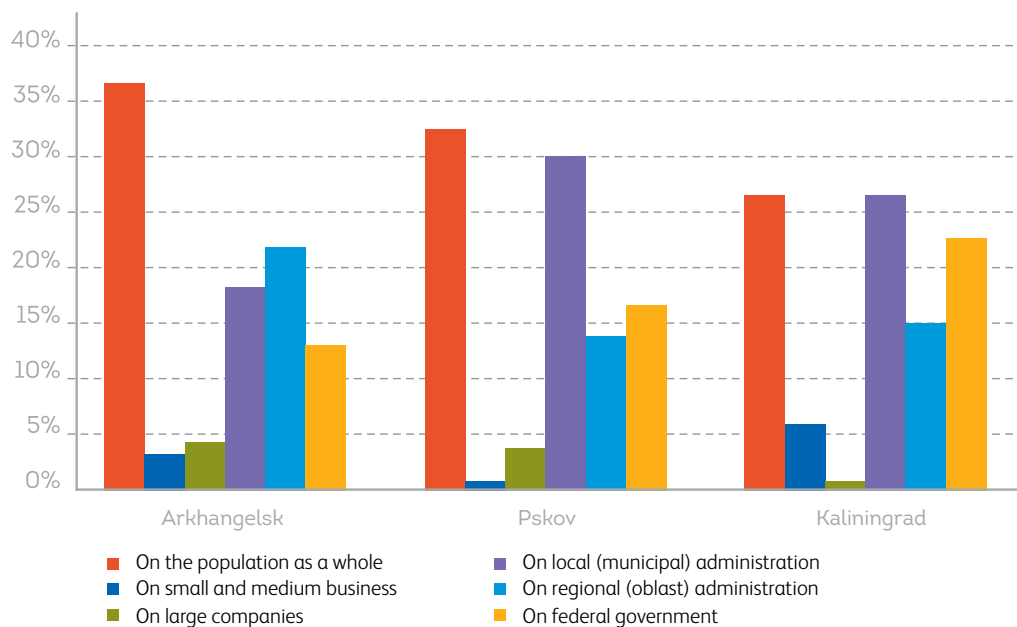
## New Trends in CF Development

A number of trends have emerged in CF development in recent years. **First**, over the last five years CFs started to develop in remote territories and rural areas. Out of the 18 CFs that emerged since 2008, 13 are the so-called rural funds. At present almost 40% of existent CFs are rural and we have every reason to believe that there will be more and more CFs in remote districts and rural areas. **Secondly**, CFs started to leverage their resources to deal with common issues, and CF Alliances emerged (we will take a closer look at CF networking in the “Emergence of CF Community” section below). Communications are being established between the foundations, e.g. through Skype conferences and webinars. Internships at more experienced CFs (organized in part by the CF Partnership and Alliances) are also a widespread experience sharing practice. Such programmes contribute to knowledge dissemination, and raising the level of awareness of the CFs’ role and place in philanthropy development process.

**Thirdly**, the CFs’ research activities are developing, their expert potential is growing: CFs started to pay more attention to assessment of territories, their resources and opportunities. New specific research tools emerge. Let us dwell upon this third trend. The new methodology for assessment of social wellbeing of communities became one of the popular research tools. It was developed by “Garant” Center in Archangelsk and Perm foundation “Sodeistvie” and tested to assess various communities (urban and rural). This new technology allows forming the basic knowledge about the community. The methodology tested by the CFs of the North-West Federal District uses a system of 10 indicators/indices for evaluation of the state of urban communities. Below you will see one of them: social activity index (Picture 19).

**Рис. 19. Picture 19. Social Activity Index**

Who do you think the wellbeing of your city depends upon the most?



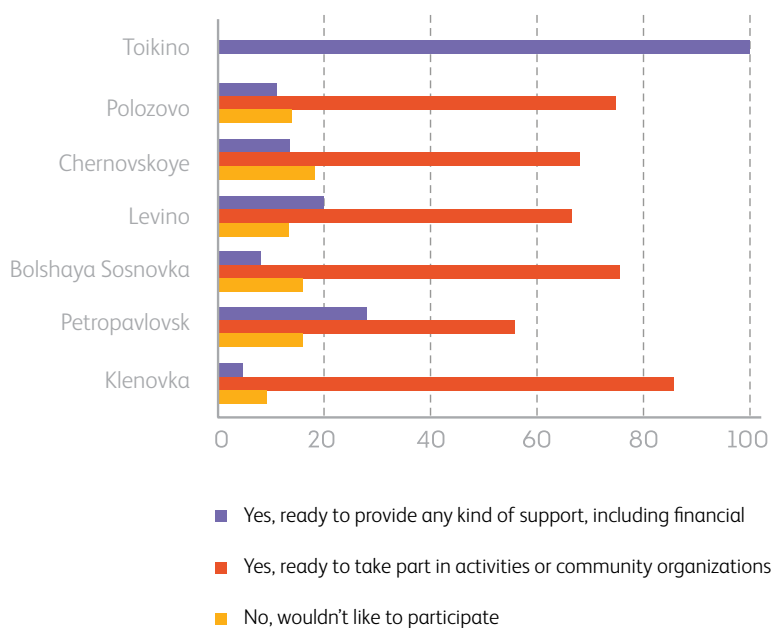
**According to the head of Archangelsk “Garant” Center for Social Technologies Marina Mikhailova**, “...using the methodology for evaluation of social wellbeing allows dealing with a number of major issues at once: get objective information on existent problems, attract stakeholders’ attention to the most acute ones and find possible solutions together, get information needed to organize a productive public discussion, identify priorities for social programmes and projects. Involving local leaders in the research and discussion of outcomes allows initiating public dialogue in the community, identify existent social initiatives, form local partnerships and find resources to deal with the problems identified”.

In Perm, the methodology was tailored for another community type and tested in several rural settlements. Its application showed that it was working and offered new opportunities for assessment of potential in rural territories.

**According to Nina Samarina, head of Perm CF Alliance,** “... “Sodeistvie” foundation for support of social initiatives started to introduce the research project aimed at monitoring the community needs and opportunities. Its objective is to assess the public and civic activity potential in rural territories of the Krai. The project produced significant outcomes. The most acute problems were identified and potential points of growth for civic activity were found. The research helped to identify the leaders who are ready to take the responsibility for dealing with local social issues in their territories to use the limited local financial resources to achieve greater impact. The results even exceeded our expectations: rural citizens united around active community groups to deal with current and long-term issues. One of the groups is the rural intelligentsia activists at a local library. In general, the social climate and moods changed, new activists and volunteer initiatives emerged”.

Below you will find an example of rural citizens’ attitude to engagement in dealing with local issues (Picture 20, based on 2012 research data).

**Picture 20. Evaluation of civic engagement in dealing with local issues (Bolshesosnovsky District, Perm Krai)**



Five Russian CFs are using this tool to assess local needs and opportunities in their territories, workshops are held at various foundations that would like to start using the methodology. The work continues: a pool of public experts is being formed including experts interested in learning more about the social sphere in local communities and developing recommendations for dealing with current local issues. The research outcomes and recommendations related to improvement of municipal services are being widely discussed.

# EMERGENCE OF CF COMMUNITY

## *Alliances – new opportunities for local philanthropy development*

Regional and Interregional CF Alliances contribute a lot to improvement of existent and development of new community foundations.

**The Alliances' activities are aimed at strengthening the positions of the most active CFs as leaders and experts in the field of philanthropy on municipal, regional and federal levels.**

CF Alliances are formed as integration grounds for local philanthropy development to strengthen and promote CFs within a constituent entity of the Russian Federation (Perm Alliance) or unite neighbor regions with similar social and economic conditions (North-West Alliance). Alliances improve communication between the foundations on regional and interregional levels, enable effective exchange of experience, promote the CF model and raise awareness of the CFs' role in communities.

## *Reasons and Conditions for Emergence of CF Alliances*

The Russian CF Alliances actually started with the establishment of **CF Partnership** – all-Russian membership organization uniting CFs on professional level. The Partnership has been working for 10 years formulating the CF development strategy, disseminating the best CF practices, facilitating networking CF projects, promoting the CF brand for wide audience; contributing to favorable legislative framework for CFs' activities and providing methodological support to its members. At present, the Partnership includes 19 Russian CFs. The first CF Alliances started within and with the support of the CF Development Programme in 2009-2010 and included interregional alliances of the North-West and Volga Federal Districts and Altai Krai, and regional alliances of Perm, Irkutsk and Baikal Region.

There are several reasons for development of alliances as the new form for interaction among CFs in Russia:

- The emergence of several CFs working in one region or in neighbor regions offers an opportunity for the CFs that are close both institutionally and geographically to leverage their resources and efforts to promote the CF model and strengthen their positions in the regions including the legislative framework;
- As the role of CFs in their communities transformed they needed advanced skills and competencies and new connections in their communities. This could be achieved by uniting resources and broadening the scope of cooperation with other NGOs with necessary knowledge, skills, resources and professional experience in local communities which increases the quality of programmes and trust of business, authorities and community in CFs;

- Alliances allow participants to deal with more large-scale issues of the territories, broaden the spectrum of programme activities, better assess community needs and resources and unite and consolidate the efforts applied within various separate initiatives;
- The demand on development of new CFs is growing; new territories are ready to apply new mechanisms for local philanthropy development and successful technologies for development of community potential. The emergence of new community foundations requires certain potential and systemic effort to put it into practice. This is provided within the alliances that have the necessary competencies and resources.

At present, the **CF Partnership includes 19 Russian CFs**. The first CF Alliances started within and with the support of the CF Development Programme in 2009-2010 and included interregional alliances of the North-West and Volga Federal Districts and Altai Krai, and regional alliances of Perm, Irkutsk and Baikal Region.

### *The Tasks of the CF Alliances*

Alliances are self-organized coalitions of organizations that leverage their efforts for various purposes. The alliance is an informal union based on good will of its participants. Alliances are open to new participants and based on agreements. The formal side is limited to a memorandum or agreement on cooperation, and most alliances are not membership organizations. Only Perm CF Alliance is registered as a legal entity.

The alliances include not only CFs but also other NGOs of the regions. Alliance is a form of cooperation that broadens the horizontal networking of organizations working in the field of support for socially oriented NGOs, development of civic activism and philanthropy. This cooperation creates new connections inside the communities, unites professional resources and broadens the CFs' programme spectrum. The alliances' activities resulted into increased total number of networking projects, events, seminars, conferences held by the CFs and alliances and involving a lot of participants from other regions. These events became new places for interaction and discussion on the problems and objectives of local philanthropy development.

## *Opportunities and Prospects*

The idea of uniting CFs into alliances around active existent foundations is still important. The scale and tasks dealt and the time of existence with may vary. E.g., Altai Interregional Alliance (Altai Krai and Altai Republic) was established for development of new CFs in the South of Siberia. It includes town and district foundations that are just emerging.

Notably, the Alliance does not only develop local philanthropy but also contributes to reestablishment of cultural liaisons with the closest neighbors – Altai Republic and Kazakhstan.

In 2012, an interregional alliance in the Urals (Tyumen, Pervouralsk, Bereznovsky, Nefteyugansk, Noyabrsk) was proposed. The Alliance is just starting to work and is being formed to strengthen the positions of existent CFs as expert community in the field of local philanthropy development and to disseminate the CF model in other territories of the Urals.

However, in practice it is difficult to develop CF alliances and build new partnerships and coalitions. Some of the alliances are still in the stage of forming infrastructural connections both among the CFs in the alliance and among CFs and other regional third-sector organizations (e.g. Irkutsk, Vyatka and Baikal alliances).

**Through Alliances CFs strengthened their role in the communities, created additional expert resources and potential by involving experts in the field of social policies and philanthropy, representatives of research groups and universities, including those of the regional level.**

Появились новые возможности для формирования благоприятной среды развития местной филантропии, протестированы и реализуются инновационные проекты и технологии.

New opportunities emerged to form favorable framework for local philanthropy development, innovation projects and technologies were tested and are being put into practice.

The success of approaching CF development, strengthening and professional growth through alliances shows development of new competencies, increase of the number of new CFs, especially in rural areas, increase in the number of networking projects and replicated practices.

A good example is the development of a new approach and methodology for assessment of local needs and opportunities. The idea emerged from the successful experience of applying the Canadian Vital Signs model that later was disseminated to other countries. This experience showed how much the CFs' potential as resource and knowledge centers can be increased in their communities, how the professional resources and scientific approach can be used to assess the local needs and opportunities.

As a result, a unique set of tools was developed in cooperation with the Russian specialists. Today the methodology completed the testing stage and is now ready to be applied in practice.

In fact, the set of tools developed represents a new social technology.

## Examples of CF Cooperation

### Volga Alliance – territory endowment

Building regional endowments is a new step towards philanthropy development in Russia and achievement of CF sustainability. Volga Alliance that includes five CFs from four regions (Samara, Togliatti, Penza, Ulyanovsk, and Saransk) became the testing ground for this new approach. In cooperation with the Donors Forum, the project aimed at developing and testing the model and initiating regional legislative initiatives aimed at building community endowments was developed. Two regions – Samara and Penza Oblasts – became the pilot territories where the process of building regional endowments started.

**Boris Tsurulnikov, Executive Director of the charitable “Togliatti Foundation” and Chairman of the CF Partnership described the significance of the project:** *“We can say for sure that thanks to the project the Alliance members strengthened their positions in their communities, thanks to joining their efforts within the Alliance and working actively within the project. The CFs acted in their local communities as the conductors and catalysts for innovations aimed at local development”.*

Another participant of “Volga Alliance” Executive Director of Penza “Civic Unity” Foundation Oleg Sharipkov noted that thanks to the Alliance the foundation’s authority for local officials, experts and entrepreneurs increased.

**According to Oleg Sharipkov,** *“working with external experts resulted into qualitative change of the foundation’s positioning in the community. As a result, we started to understand that the endowment works not only for the foundation but also for the city community”.*

### North-West Alliance – from research into community wellbeing to introduction of best practices

The Alliance includes five CFs of the North-West Federal District: Archangelsk, Pskov, Murmansk and Kaliningrad Oblasts and Saint Petersburg. One of the main activities of the Alliance was aimed at development of the methodology for “Assessment of social wellbeing of local communities” that helps to identify local community needs, prioritize social programmes and projects. The methodology allows assess the main issues of the community and calculate the following indicators:

- Social tension index
- Problems hierarchy
- Social initiatives in the territory
- Coefficient of satisfaction with the basic quality of life indicators
- Integral social wellbeing index

The opportunity for calculation of indices within the methodology allows further comparisons to evaluate the changes and impact made by the programmes implemented in the territory and compare various territories with each other. The methodology enables the organizations that work in the field of community development to plan their activities based on the assessment results.

Besides, the results obtained using the methodology can be used to develop target programmes for the territory. E.g., the outcomes of the research held back in 2011 that involved over 700 youth representatives in Archangelsk Oblast were used to analyze the youth problems and resulted into corrections made to the Oblast target programme “Pomorye Youth in 2012-2015”.

Another important area of the North-West Alliance activity is the exchange of experience and dissemination of successful technologies from experienced organizations to beginners who are just starting their work in the field of support of socially oriented NGOs and local philanthropy development/ The North-West Alliance members joined their efforts to promote private philanthropy on the local level. The comprehensive charitable activity “Good City” initiated about 10 years ago in Saint-Petersburg is now implemented in many regions of the country, but it is most widespread in the North-West Alliance territories.

Another example of successful experience sharing among the Alliance members is the grant competition technology. Archangelsk “Garant” Center is the well-known expert in this field and has over 10 years experience of holding various grant competitions. Thus, the Alliance helps to increase the professional competencies of a number of organizations and spread the CF technology across the region.

*According to Marina Mikhailova, “uniting the experience and technologies of various organizations in the Alliance, using the methodology for social wellbeing assessment and identification of the most acute local issues, engaging the civil activists including young people in community work – all these contribute to increasing the effectiveness of activities of the organizations working in the field of local development and philanthropy”.*

### **Perm Krai CF Alliance – “Social Potential Map”**

Perm Krai CF Alliance is the first CF alliance in Russia that was officially registered as a legal entity (“Non-Profit Partnership “Perm Krai CF Alliance”) with clear development strategy and regular activities. This is the only institutionalized group of organizations working in the field of rural philanthropy development.

The foundation for rural philanthropy development was laid within the Project “Local Self-Governance and Civic Engagement in Rural Russia” implemented by CAF Russia in 2003-2007 with the financial support from the World Bank. Then the first attempt was made to carry out a research to assess the opportunities for local philanthropy development in rural areas and adapt the CF model to the new non-urban community type. Thanks to the Alliance’s activities, the people in remote areas got access to various resources and could join the common large-scale programmes. The information, new social technologies, the opportunity to take part in municipal and regional programmes aimed at support of civic initiatives became real thanks to the Alliance as a common resource for rural and remote territories.

Today Perm CF Alliance includes 10 urban and rural areas. It is a union of experienced foundations, such as the Tchaikovsky CF and the “Territory of Success” foundation in Krasnokamsk that is actively developing at the moment, and smaller newly formed foundations that received their first grants in rural municipalities that filled the social life of the region with new bright events and allowed implementing a lot of interesting and important projects.

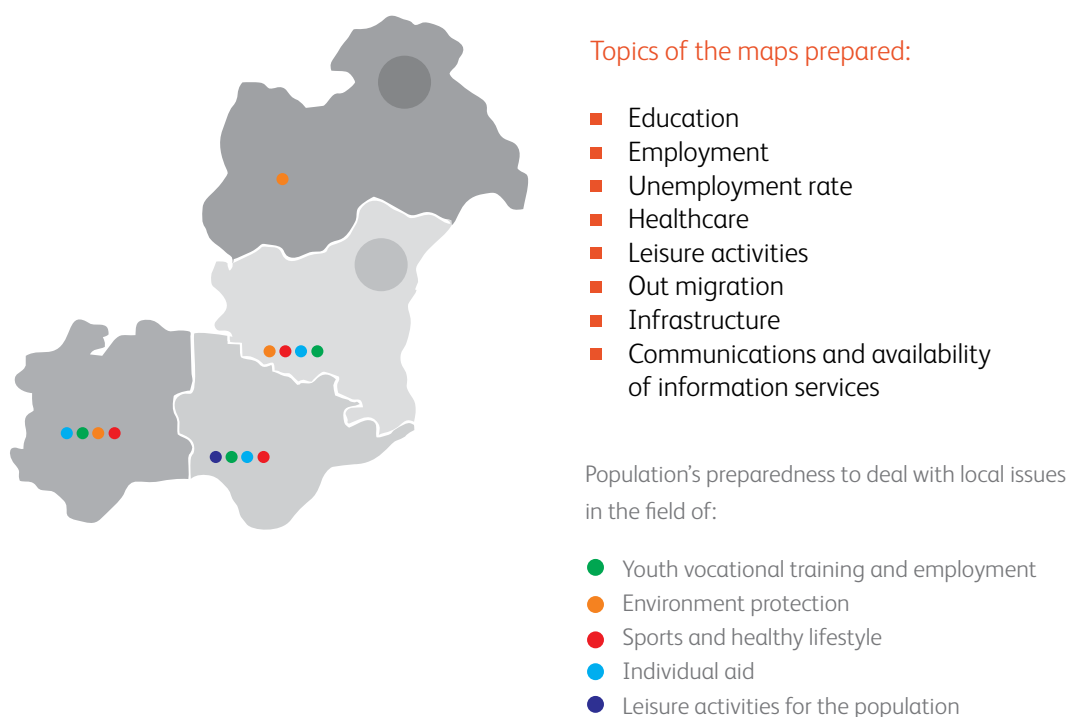


Perm CF Alliance became the place where local philanthropy development model was tested and studies on regional level. It holds regular workshops on various aspects of CF activities not only for the Alliance members, but also for CFs from other regions. Internships and regional and federal conferences gather representatives of existent Russian CFs and initiative groups. In 2012 the website of Perm CF Alliance was launched ([www.fmspk.org](http://www.fmspk.org)) with information on the activities of both particular community foundations and the coalition as a whole.

In 2011 “Sodeistvie” Foundation, one of the Perm Alliance members started a research to assess the problems, potential and opportunities of rural territories. The research was based on the North-West Alliance experience and their model for “Assessment of social wellbeing of local communities”. This is an example of interregional interaction between foundations and dissemination of best practices; interaction between expert groups in the alliances and tailoring successful methodologies to the needs of various community foundations – both urban and rural. The research carried out in Perm Krai resulted into a Social Potential Map of the region. Such work aimed at assessment of the potential of rural territories was carried out for the first time and was soon in demand in other Russian regions. The research allowed not only seeing the most acute community issues but also the potential points of growth to deal with the issues using the civic activism, identifying community leaders capable to take up the responsibility for solving local problems in their territories.

In fact, maps of regional needs and resources were created and the local issues were organized into hierarchy to find the points of growth and use the limited financial resources of the local budget to the full (Picture 21).

**Picture 21. Map of community needs and potential, Perm Krai**



The data obtained within the research were very important for the local administration, especially when the local budget was developed. Such maps may become an important tool for engagement of local business in dealing with community problems.

The work done by young sociologists involved in the “Social Potential Map” development was presented to the professional community within the sociology school held by the Russian Public Opinion Research Center (WCIOM) and received an award as a “Youth Public Expertise Center” project.

Alliances became the centers for integration of various programmes and projects in the regions. They strengthen the interregional relations, leverage professional resources, accumulate best practices. Alliance members meet more often and deal with current issues together; these organizations are managed better and are able to implement more significant projects and initiatives compared with CFs working on their own.

Alliances became places for discussion of the problems of local philanthropy development and raised its profile. Involvement in alliances increases the CFs’ positions and influence in their territories.

The alliances broadened the scope of CFs’ opportunities related to development of philanthropic environment and local philanthropy.

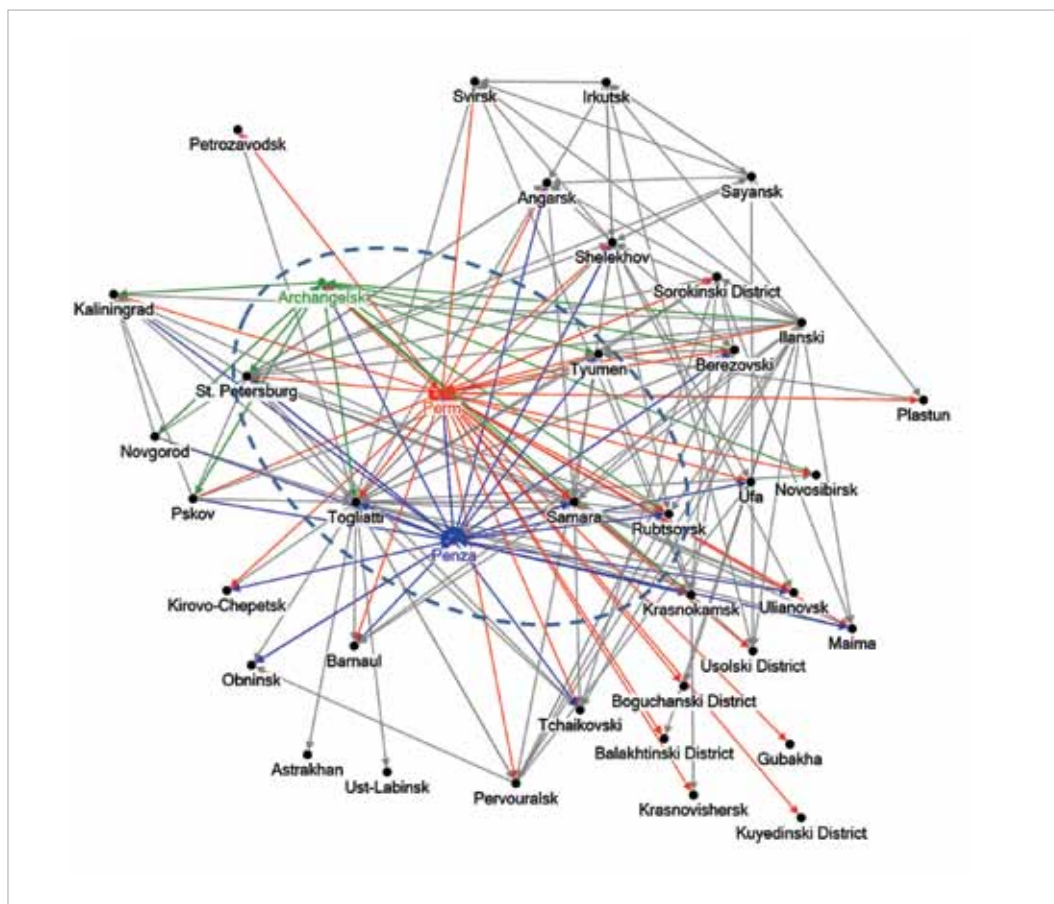
The new technology of assessment of local needs and resources developed and used by the CFs within alliances allows forming the basic understanding of local communities and provides the example of the high level of CFs’ professional skills and expertise. Consequently, this increases the level of trust in community foundations, and enables them to attract more attention to their role in communities and find new resources to deal with the local issues.

## CF Network in Russia

It is clear that the interaction between CFs is not limited by the framework of alliances they create – it is much broader. In this section we analyze the development of the CF network in Russia.

For better understanding of the mechanisms for Russian CF community development the social network methodology was used. Within the research, the representatives of all CFs answered the question “What CFs did you interact with during the past year?” The respondents mentioned 37 out of the 47 CFs when they answered this question, so we were able to draw a comprehensive picture of CF community development in Russia (Picture 22).

**Picture 22. The social network of Russian CFs (2013)**



About ten oldest and most experienced community foundations form the core of the network. They are all connected with each other. At the periphery, there are several new CFs and the CFs that were not active for some reasons during the past year. They are connected with the CF community through one or several active participants. According to the classification of social network development stages proposed by Krebs and Holley, the current stage of network development for Russian CFs is best characterized by the “core-periphery” structure. “In this model the core includes the key community members that established firm connections with each other”<sup>11</sup>.

<sup>11</sup> Krebs V., Holley J. (2002). Building Smart Communities through Network Weaving // [www.orgnet.com/BuildingNetworks.pdf](http://www.orgnet.com/BuildingNetworks.pdf).

The description of earlier stages of social network development by Krebs and Holley matches the stages of CF community development in Russia very well.

The multiple social connections of Perm “Sodeistvie” Foundation are shown in red in the picture. It is active on local, regional and federal levels, and works to create new rural Cfs, so it is connected with the new foundations. The foundation also contributes a lot to the development of the CF movement in Russia and it is one of the network members with the largest amount of connections in the community.

The connections of Penza CF are shown in blue. The foundation is the CF Partnership’s press center and mainly interacts with the well-established experienced CFs that constitute the core of the social network.

The connections of Archangelsk “Garant” Center that is an active participant of the North-West CF alliance are shown in green. It is obvious that the CF interacts with all CFs in its region (Pskov, Novgorod, Saint Petersburg, and Kaliningrad) as well as with the CFs at the core of the network.

# THE FEDERAL SCALE OF LOCAL PHILANTHROPY

## *CF Expertise Required by the Federal Government*

As we already mentioned above, Russian CFs have gone beyond the framework of a local phenomenon and are now ready to act as full-fledged experts and partners in the field of philanthropy and local development for both regional and federal authorities.

However, the research showed that there is still almost no demand on this CF potential.

According to the respondents, the only federal government body that is well informed about CF activities is the Ministry for Economic Development (MED).

This is mostly due to the work done by Artem Shadrin, Director of MED Department for Innovation Development that supports NGOs who is well aware of the CFs' work in Russia.

MED holds federal grant competitions for socially oriented NGOs. In 2012, within this competition the Ministry supported six CFs, and in 2013 six CFs made it to the final stage of the competition: Archangelsk, Pskov, Tyumen, Penza, Perm (alliance) and Ulyanovsk. Overall, 104 NGOs were invited to take part in the final stage of the MED competition. This is also evidence of CF recognition on federal level.

Other government structures are still not interested in the CF model, not to mention their experience. The CF Partnership is planning to continue working with the Ministry for Regional Development and the Ministry for Labor and Social Protection to raise their awareness of the CF model and activities. This complex task will require considerable time and effort.

## *CFs and Corporations: Areas of Common Interest*

CFs' cooperation with local small and medium business in their territories is quite fruitful. However, the majority of large corporations still underestimate the CFs' opportunities as do the federal government bodies. Establishing cooperation with corporations might become one of the short-term development priorities for Russian CFs. As grassroots organizations, CFs understand the problems that are most important for their communities. They act as resource centers and sources of funding for local projects and initiatives. In this sense CFs are ideal partners for the companies that would like to contribute to community development. There are numerous examples of successful cooperation between CFs and corporations in Russia when CFs acted as grantmaking programme operators in local communities.

The CF model corresponds very well to the corporations' objectives in the regions and the representatives of business companies that took part in the research, as well as CF leaders and experts confirm this. Therefore, one should pay attention to existent constraints that impede the cooperation between CFs and large companies in the regions of Russia, which may be described as follows.

**There are no CFs in many regions corporations would like to invest in.** The companies familiar with CF model would be glad to have such regional partners, but they are not ready to start CFs from scratch themselves, as in this case they will have to run the risk of creating an organization that will be fully dependent on the founder. This NGO could rather be viewed as a corporate foundation, not a community foundation. Potential local donors including small and medium business enterprises can refuse to take part in a project dominated by a large company that founded the CF.

**According to representatives of large business companies, not all CFs have the necessary qualifications to manage their corporate programmes.** Companies have certain requirements to their potential partners. They need sustainable organizations experienced in philanthropic activities with good governance system. New CFs often do not meet these requirements. Therefore, there is the catch-22 dilemma: corporations are unwilling to cooperate with inexperienced CFs in the regions, and CFs cannot gain enough experience unless they cooperate with corporations.

**Not all corporations are ready to invest in community development in the regions.** Often the corporate social strategy does not include local community development as one of its objectives. Companies might be interested in implementing certain programmes for target audiences that are not always suitable for CFs. In some cases, companies support regional activities with PR component and have no funds for social projects and initiatives.

**The decision-making centers are usually located in the companies' headquarters (most often in Moscow), not in the regions.** Regional directors often lack the authority to support local social programmes. CFs located in the regions cannot influence the decisions made in the companies' headquarters.

Considering the above circumstances, in order to develop cooperation between CFs and companies we should disseminate the information on CF model among representatives of corporations responsible for the corporate social policies and encourage professional growth and development of CFs in order to be able to meet the corporate requirements to potential partners.

## *CFs within the Third Sector: Features and Opportunities*

CFs have become an important resource not only for the local communities but also for the sector as a whole. Their expert potential is demonstrated even on the federal level.

In this section, we dwell upon the CFs' and CF Alliances' influence (formal and informal) on the discussion on philanthropy in Russia on the local, regional and federal levels.

Many CF leaders are actively involved into various events and take part in discussion on the most acute philanthropy issues.

E.g., **Boris Tsirulnikov**, head of the first Russian CF has been actively participating in the discussion on philanthropy in Russia both on the regional and federal levels since Togliatti CF was established in 1998. The representatives of a number of experienced Russian community foundations have recently become active speakers in the philanthropic debate in Russia, and their leaders, e.g. **Oleg Sharipkov** from Penza, **Nina Samarina** from Perm, **Vera Barova** from Tyumen and **Marina Mikhailova** from Archangelsk are now the experts whose status has been recognized nationwide. They actively promote the CF model and the system of philanthropic values in Russia.

Today there is a number of organizations in Russia that facilitate CF development and are involved in the discussion in philanthropy in the country on federal level: Donors Forum, CAF Russia, Higher School of Economics, "Evolution and Philanthropy" (all four organizations located in Moscow) and the Center for NGO Development in Saint Petersburg. They all support the CF model and invite CF representatives to take part in large federal forums on philanthropy. CAF Russia and Donors Forum carried out the research into various aspects of CF activities and published reports on their outcomes. CAF Russia has a good online library of materials on CF development<sup>12</sup> that includes publications by Russian and foreign authors, research reports and contact information for all Russian CFs.

CF Partnership is another important source of information and place for discussion on various aspects of CF activities.<sup>13</sup>

There are two basic models for discussion on philanthropy: actual (conferences, workshops, round tables) and virtual (using the Internet). CF representatives take part in both discussion formats. Their involvement in the discussions grows as CFs emerge and develop across the country and thus become more and more influential in the discussions.

The positive development is the emergence of a specialized CF information space in Russia that did not exist 20 and even 15 years ago.

We have already discussed the CFs' presence in the Russian-language Internet segment (see Picture 18 above).

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<sup>12</sup> <http://www.cafrussia.ru/programs/fms/>.

<sup>13</sup> <http://www.p-cf.org/>.

The CFs' potential influence on virtual discussions on philanthropy in Russia depends on their Internet presence. It is clear enough that some of the CFs have much better Internet presence than the others. Why is Penza CF and its leader Oleg Sharipkov presented so well online compared with all other CFs? Perhaps, this is because in Penza, a lot of attention is paid to communications and a strong professional team is working in this field. Another hypothesis is that the "Civil Unity" has more Internet presence because it acts as the CF Partnership's press service.

Whatever the answer, one thing is true: most CFs are not very good at publicizing themselves via the Internet, and this limits their opportunities to influence the discussion on philanthropy in Russia on federal and regional levels.

CFs still prefer actual discussions in person, but their involvement here is also limited due to high travel expenses. This is especially true for Siberia and the Far East, so regional meetings play a very important role here.



# CONCLUSION

## *Main findings*

- CF model has proved itself as an effective institutionally developed model for local philanthropy development. The CF brand is widely recognized in the communities. The CFs play an especially important role in development of regional philanthropy.
- The CF model adapts well to the needs of various communities from urban to rural ones. The trend of that became widespread over the last five years is the emergence of CFs in rural and remote areas.
- Community foundations occupy a unique niche in the field of local philanthropy support and development and civic engagement. They are often the only source of support for small NGOs and initiative groups, especially in remote areas.
- Russian CFs are multifunctional; they develop cooperation with various community groups, build horizontal connections and social networks, and act as community development centers.
- CF community in Russia is very diverse. CFs play various roles and perform a broad range of functions in their communities – from accumulation of resources to finance management within various projects. Besides, CFs have various specializations, geography and use different methods of work. Their role in communities changes, as they transit from charitable programme management service provision to business to local philanthropy development and diversification.
- CFs can adapt to a variety of environments and find opportunities for growth and development even during the economic crisis. This is possible because they can accumulate social capital in their communities and mobilize the local human capital in the absence or lack of local financial resources.
- CFs do not just raise funds to support social initiatives but also form a new type of relations, establish new community traditions, develop civic activism and social responsibility in the communities.
- As CFs develop and strengthen their competencies and gather information on the local problems, points of growth and opportunities involving external experts from local universities and research groups, they actually become the knowledge centers that have valuable and unique information on their communities.
- CFs gained a lot of experience in development and implementation of social programmes described in specialized publications.

- Over the ten years CFs have been developing strong foundations emerged that became community leaders and are now able to share experience and develop new foundations. Existent foundations and other third sector organizations started to unite around them. New CF development models – alliances - emerged. Horizontal connections started to form not only within the communities but also between regions.
- The CF network in Russia is well developed. Its core includes 10-12 sustainable CFs that have established strong connections with each other. The newly formed CFs access the CF network resources through one of the core CFs. It is necessary to continue development of the CF network in Russia and support the CFs' joint projects to promote positive perception of CFs in the communities.
- CFs and alliances disseminate and replicate the best social practices and technologies, act as the testing facilities for social innovations.
- The potential of Russian community foundations is not fully understood and used by the federal government bodies. Only one of them – the Ministry for Economic Development – considers the CFs' experience and uses it in practice to certain extent. However, some CFs receive presidential grants for their projects. It is necessary to educate the federal government about the opportunities offered by CFs to enable their further development in the regions.
- CFs are ideal potential partners for the largest Russian corporations. They emerge from the local communities, have a deep understanding of their current issues and work as resource centers and funding sources for local grassroots projects. Corporations can and will work with community foundations but there are certain preconditions for this partnership: presence of CFs in the regions of the companies' interest, and sufficient level of professionalism to meet the rigid corporate standards.
- CFs' influence on the discussion on philanthropy in Russia is growing. Some of CF leaders have been recognized as experts on regional and federal level. Regional alliances offer CFs the opportunity to take part in the professional debate and provide effective information support to local CF leaders. Now Russian CFs are not using the potential of virtual (online) debates to the full.

## *Existent risks*

The CF model initially was brought to Russia from abroad and then there were serious concerns about its usability for Russia. However, over the 15 years it proved to be adaptive effective and build into virtually any community in various stages of economic development. At the same time the community foundations' activities involve certain risks that need to be understood to make the CFs more sustainable.

- The CF model can work effectively only in communities that achieved certain level of development and have the necessary potential.
- Effective and sustainable CF activities depend a lot on its leader. First of all, the leader needs to have the reputation and trust in the community and be able to build bridges between various stakeholder groups. The CF leader needs to understand the essence of the model, be professional and ready for innovation and have high level of ethical standards. CF leaders' professionalism and commitment are the key factors to their sustainability and effectiveness. In most cases Russian CFs depend a lot on their leaders. This is especially true for small CFs and CFs in early stages of development. There are many outstanding leaders ready to develop CFs in the country, and this is good. The negative aspect of such dependence on one person is the risk of losing sustainability due to changes in the leader's personal life.
- Risks emerge when there is no clear and active position of the trustees regarding the CF activities. The trustees' authority and involvement are the additional resource in promotion of the CF and fundraising. The Board of Trustees plays an important role in understanding and evaluation of results achieved by community foundations.
- The CFs' permanent concern is the funding for administrative expenses. This is a common problem for all community foundations in Russia. Most CFs experience difficulties raising funds to cover their administrative expenses and pay salaries to their permanent employees. This often results into using any funding opportunities, including state procurement programmes. There is a risk that this will become the main CF's priority instead of its mission.
- CFs run high reputation risks. Open and transparent activities, reporting to community, good information strategy help to reduce the risk.
- Almost all the community foundations surveyed within the research mentioned the risk of changes in the local authorities after the elections, which could lead to changes in the priorities of territory development and business elite. Good personal relations with the local authorities are often destroyed and the foundations have to start new cooperation from scratch once again.
- Another risk is the absence of CF strategic development plans. The sustainability of community foundations is in many ways associated with clear vision of their areas of activity and presence of fundraising strategy. Such strategic vision shows the community that the foundation has long-term plans; that it is not just for today like some short-term demonstration projects.

- Only a few community foundations have staff members with sufficient programme and finance management skills; there is a lack of qualified human resources.
- There are risks associated with the local authorities using CFs as a source of extra funding for expenses not covered by the local budget.
- Due to increased state support of socially oriented NGOs there is a risk of CFs turning into state institutions working according to the priorities identified by the state, i.e. loss of their identity and independence.
- Most Russian CFs do not have a formal system for evaluation of their activities. The main indicators of effectiveness for the Russian CFs are community support and engagement in their activities. However, the sector is capable of developing a set of basic evaluation criteria for all CFs in Russia to use. New CFs need to develop their potential in the field of evaluation of projects and activities.
- CFs develop in a variety of communities that differ a lot from the social and economic point of view. This determines their opportunities in programme and fundraising activities and shapes their mission. If certification and standardization are applied to community foundations, this might result into formation of a cluster of CFs with different understanding of the CF mission and split the CF community.

## *Forecast of Further CF Development*

- CFs mastered the basic principles of institutional philanthropy management and became an attractive object for investments in resolution of local issues by the business and individual donors.
- Stimulating civic activism and social responsibility within their communities CFs today are starting to influence the social climate, initiate systemic changes and in fact accumulate the social capital in their communities. Thanks to the community foundations and their basic principles of activity, first of all transparency and reporting to communities, regional philanthropy started to develop, new relations formed within the communities and they are now ready to take up the responsibility for the local changes and improvement of the quality of life.
- Over the 15 years they have been developing the Russian CFs have been able to not only master and implement the basic CF principles, but also to adapt to various communities and circumstances. Though community foundations' approaches sometimes differ a lot, which is understandable for such a big country with a wide variety of regions and their social and economic development, the basic principles of the model are preserved.
- CFs will develop in urban communities and in rural areas where the main task will be to develop civic activism and mobilize local resources. The experience gained by the CFs will allow them to pay more attention to strategic planning which in turn will have a positive effect on their development.
- As the CFs develop, new alliances may emerge to act as CF model development centers to disseminate successful CF practices in the new territories and raise new resources to deal with more complex issues for community development.
- In the future, most resources will still be attracted by CFs from the local sources. This is the field where new approaches will develop and creative solutions will be found. It is hard to expect to raise resources from large business companies without any special efforts in this direction. In the nearest future, we cannot expect CFs to achieve financial sustainability or build endowments.
- The CFs' expect the legal environment to improve for the donors, but this may not happen in the nearest future.
- Community foundations will preserve their role of local philanthropy development centers and will be less seen as the service providers for local business or authorities. If the CF leaders are active enough the expert potential of CFs on the federal level will increase

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### Novgorod Regional Public Foundation for Support of Non-Profit Projects

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Website: www.activity.natm.ru

### Regional Charitable Foundation “Samarskaya Gubernia”

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Website: www.fondsg.org

### City Charitable Foundation “Togliatti Foundation”

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### Togliatti CF Partnership, Samara Oblast

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### Perm Krai CF Alliance, Foundation for Support of Social Initiatives “SODEISTVIE”

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Website: www.fmspk.org, www.sodeistvieperm.ru

### NO CF “Foundation for Development of Social Initiative of Dzerzhinsk”

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### Non-Profit Organization “Regional Information and Resource Foundation”

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### “Saratovskaya Gubernia” Foundation

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### Non-Profit Organization Charitable Community Foundation “Dvurechye”

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**Foundation for Support of Social Initiatives****“Forward, Time!”**

Gubakha, Perm Krai

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**Penza Community Foundation “Civil Unity”**

Penza

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**Foundation for Community Support “Territory of Success”**

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**City Charitable Community Foundation “Legacy of Irkutsk Philanthropists”**

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**Charitable Community Foundation “Svirsk”**

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**Charitable Community Foundation “Barnaul”**

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